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Weekend



**Goya's last caprice**  
*'The curious absence of the painter's skull was hushed up when his remains were brought back to Madrid'*



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*'Vision in German is cloud cuckoo land. I am interested in staying down to earth'*

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# FT

FINANCIAL TIMES

MARCH 28 / MARCH 29 1998

Weekend



**Safe haven**  
*'By playing hard to get, London has been dreamed about all the more by Russians'*



**Paradise lost**  
*'Will Toni Morrison be the African-American Solzhenitsyn, or an average talent?'*

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RUSSIAN LEADER THREATENS DUMA OVER HIS CHOICE FOR PM

## Back Kiriyaenko or else, says Yeltsin

By Christa Friesland in Moscow

A combative President Boris Yeltsin yesterday opened a new era in Russian politics by nominating Sergei Kiriyaenko as prime minister and threatening parliament with dismissal if it rejects his choice.

The legislature seemed ready to cave in to the reinvigorated Russian leader. Gennady Seleznev, parliamentary speaker, said deputies might endorse the 36-year-old Mr Kiriyaenko in their first vote on his candidacy, likely to be next Friday.

Mr Yeltsin, who stunned Russia on Monday by sacking his entire cabinet, said Mr Kiriyaenko's most urgent task would be to tackle social problems and stop the mounting wave of wage arrears.

"I have already warned Kiriyaenko - he doesn't have any time to warm up," Mr Yeltsin said in a radio address. "Social issues, which have been neglected, demand immediate solutions. We

cannot allow wage arrears to accumulate."

Mr Yeltsin rounded off a week of astonishing announcements by telling a roomful of ministers - who were lined up like nervous schoolboys - that he would cut the number of ministries and departments, and their staffs, by half.

As the president's choice, Mr Kiriyaenko's first political challenge will be to win the support of the leftist-dominated parliament, whose backing is constitutionally required to install a new prime minister.

Mr Yeltsin, who thrives on political confrontation, made that task easier by warning the Duma, the lower house of the legislature, that he would not hesitate to use his legal right to dissolve parliament and call new elections if it rejects his nominee each of the three times it can vote on the nomination.

In an apparent effort to avoid horse trading over the shape of the new cabinet, Mr Kiriyaenko,

who has already plunged into meetings with all the major factions in the Duma, has refused to name his team until he himself is approved.

If he wins the parliament's backing, the political neophyte will first face the tricky task of implementing the Kremlin's somewhat contradictory economic agenda.

Mr Yeltsin is eager to improve the living conditions of ordinary Russians. But he is also committed to defending the country's hard-won financial stabilisation and bringing order to its chaotic public finances. At a time when money is short, the two priorities may be hard to reconcile.

The government's political ambivalence was apparent yesterday as it appeared to backtrack over a plan to cut 200,000 state jobs, announced earlier this week by Alexei Kudrin, reformist deputy finance minister.

See in the Kremlin, Page 7



President's man: Russia's acting prime minister, Sergei Kiriyaenko, left, with Boris Yeltsin. Picture: AP

## Horse trading in Iceland catches a cold

Equine flu hits exports of sure-footed animals bred there since Viking days

By Tim Bart in Reykjavik

Blair, a stoical nine-year-old, sneezed as he picked his way down the lava trail.

Solid rather than handsome, the gelding shrugged off his cold and trotted towards the frozen surface of Lake Vífilsstadván, careful not to dislodge the novice at the reins.

The horse seemed determined to prove the staying power of Icelandic horses, imported to this rocky North Atlantic outcrop by Viking invaders more than 1,000 years ago.

Unsubdued by inter-breeding, and largely untouched by common ailments, the equine population has since grown to 80,000 - compared with a human population of 280,000 - and has become one of the country's latest exports.

In an attempt to reduce its economic dependence on fish and marine products, the Icelandic government has encouraged a flourishing trade in horses, which are now sold to 19 countries. The industry helps employ more than 1,000 breeders, trainers and stablehands.

But in recent weeks, the wheezing of Blair and thousands of other beasts has put a stop to the trade. Exports have been banned until scientists can detect the cause of Iceland's first outbreak of equine flu.

Only four horses have died so far, but the breeding industry has warned that their businesses are being severely damaged by the crisis.

David Oddsson, the prime minister, admits he is concerned. "But there is little we can do until the reason for the fever is

detected. Fortunately, it lasts only three or four days in most cases."

Iceland is probably the only country in the world where, an hour after leaving the prime minister's office, you can be trotting across a lava field on horseback.

Blair, in spite of the odd hacking cough, could still show why the equine export trade has grown so fast.

What makes him and his stablemates unique is their amazing footwork. Most ordinary horses have three natural paces: walking, trot and gallop. Icelandic horses have, in effect, two extra gears: the *tölt* - running walk - and the *skóti* - flying pace.

"You can ride them like this for days," said Einar Þór Jóhannsson, lead hand at the Eld Hestur stables in Hveragerði.

The *tölt*, as he demonstrated, is a prancing quickstep sending up a cloud of volcanic dust behind the horse.

The unique handling skills of these off-road vehicles has attracted buyers from across the world, with prize stallions fetching more than \$40,000. Last year, some 2,500 horses were exported, most of them to Germany and Sweden.

However, this year sales have tumbled. Although the riding tour industry is unlikely to be affected, Hulda Geirsdóttir, head of Iceland's horse breeders' association, fears exporters could pay a heavy price.

"There have been no overseas sales since February and it has hurt the business," she added. "This sickness has got us all worried."

## Jobless rise adds to recession fears in Japan

By Paul Alarham in Tokyo

Japan's unemployment rate reached 3.6 per cent in February, the highest level in the 45 years that statistics have been kept.

The worse than expected figures were announced yesterday with other grim data indicating that the economy, the world's second largest, could be heading into a deep recession.

These figures will pressure the ruling Liberal Democratic party to announce measures to boost economic activity. The economy is expected to contract in the financial year to March 31

for the first time since 1974.

On Thursday night, the LDP outlined a ¥16,000bn (\$124bn) stimulus package, its biggest ever. But the lack of details - in particular about the amount of new money involved - disappointed the markets. The benchmark Nikkei 225 average fell 241 points, or 1.4 per cent, yesterday, while the yen fell against the dollar from its close in New York of ¥128.47 to ¥129.01 in Tokyo.

Government cuts in infrastructure spending and weak consumer demand contributed to job losses in construction and manufacturing last month. Overall

employment in February fell 0.1 per cent year on year. Analysts said the ratio of job offers to applicants had fallen to 0.81, the lowest since January 1987.

Fear of unemployment, fewer people employed, lower bonuses, less overtime pay and historically low pay rises are feeding through to lower consumption. Retail sales fell 7.1 per cent in February.

Lacklustre consumer demand means the Japanese economy risks slipping into a deflationary cycle. The consumer price index, excluding fresh food, rose just 1.8 per cent last month. Peter Morgan, economist at HSBC James

Capel in Tokyo, said that, excluding last year's 2 percentage point increase in sales tax and a rise in medical charges, prices were falling.

The danger is that consumers will delay purchases knowing they will be cheaper later. The corporate sector, with swollen inventories, will be lumbered with depreciating assets and shrinking margins. February's industrial production data, due on Monday, are expected to show a sharp fall.

Companies are reacting to sluggish sales by cutting investment. The Long-Term Credit

Bank yesterday warned that capital spending would fall 3.9 per cent in the fiscal year starting in April - the first decline in four years. Overseas investment would drop 23 per cent, and 95.5 per cent of the 363 companies it had surveyed had complained that raising capital had become more difficult.

Exports are the only bright spot. Data released by the Japan Automobile Manufacturers Association yesterday showed vehicle exports continuing to climb. Those to the European Union were up 37 per cent year on year at 107,194 in February.

News General

### Germany welcomes euro 11

The German government yesterday threw its weight behind the creation of a European single currency with 11 member states. But the country's central bank expressed serious doubts about the eligibility of Italy and Belgium. Theo Walger, finance minister, said: "All the conditions are there for the euro to be as stable as the D-Mark." Page 2

### Colombian and Russian drug groups link up

Colombian drug cartels are working with the Russian mafia to inundate Europe with drugs during this year's World Cup to be held in France, according to the director of Colombia's national police. Page 4

### Arkansas killing go against the trend

The killings of four children and their teacher by two boys aged 11 and 13 have caught the spotlight in the US and abroad. But violent juvenile crime is actually on the decline in America. After a decade of rising bloodshed, juvenile arrests for violence fell by 3 per cent in 1995. Page 4

### Mandela attacks 'unfair' US trade bill with Africa

South African president Nelson Mandela attacked US African trade policies and defended his friendships with the leaders of Cuba, Iran and Libya. Page 3; Editorial Comment, Page 6; Clinton's home thoughts, Page 7

### Summer Time begins

Summer Time begins tomorrow morning (Sunday) in many European countries, where clocks should be put forward one hour.

### Europe boldly goes

Emu is almost certain to go ahead from 1999, with consequences many people overlook. A new Europe-wide monetary policy, the creation of a single pool of capital, and the euro's role in heightening competition will transform Europe and force the creation of tighter European political bonds.



News Business

### Congress move may hit hotels

Congress yesterday looked ready to close a loophole in US tax law that has helped spur a wave of headline-hitting mergers in the worldwide hotel industry. The move could affect the bidding for The Savoy Hotel, the London luxury hotel group, which is believed to have held talks with US companies that would be hit by the ruling. The loophole gives privileged tax status to Starwood Hotels & Resorts Worldwide and four other so-called "peeled share" real estate investment trusts operating in the US. Page 24

### Thai Farmers Bank raises record \$857m in offering

Thai Farmers Bank, Thailand's third-largest commercial bank, raised \$833bn (\$857m) in an international equity offering, the largest amount raised by a Thai company and the largest Asian equity issue this year. The issue was sold to foreigners, who now own 49 per cent of the bank. Page 24 and Lex

### Kyte delivers blow to Liffe with Terminbörse link

David Kyte, the prominent trader who resigned this week from the board of the London International Financial Futures and Options Exchange, has opened an electronic dealing room with direct access to Liffe's arch rival, the Deutsche Terminbörse. The decision by one of Liffe's most successful locals - or self-employed traders - deals another blow to the London exchange, which is under increasing pressures from competitors. Page 22

### Athens and Zurich bourses hit an all-time high

The Athens and Zurich bourses hit closing highs yesterday as European stock markets continued their record-breaking. During the week, the European Commission confirmed that 11 countries qualified to join the Euro. Once countries become part of a single currency, interest rates will converge; that prospect has driven markets in Italy and Spain sharply higher. Currencies, Page 5; World Stocks, Pages 20-21

### Not a Grove in the Valley as Intel chief steps down

Silicon Valley doesn't look back. It is where the future is made. Yet even the Valley has its historical moments, and one has just happened. Andy Grove is stepping down as Intel's chief executive. In May, he will hand over the reins of the world's largest chipmaker to Craig Barrett. Page 7

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27/9/98

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## WORLD NEWS

## Germany gives nod to euro's first eleven

By Ralph Atkins in Bonn and Graham Bowley in Frankfurt

The German government yesterday threw its weight behind the creation of a European single currency with 11 member states. But the country's central bank expressed serious doubts about the eligibility of Italy and Belgium.

Theo Waigel, finance minister, said: "All the conditions are there for the euro to be as stable as the Deutsche Mark."

He was speaking after a special cabinet meeting in Bonn that took Germany substantially closer to abandoning the D-Mark, the basis for the country's post-war recovery.

The euro would export the "German stability model", Mr Waigel said, with member countries - including Italy and Belgium - under fresh pressure to reduce debt and ensure budget stability.

By supporting membership recommendations earlier this week by the European Commission, Bonn

## Central bank urges Paris to use strong recovery to reduce deficit

The Bank of France yesterday urged the government to take advantage of the strong recovery in the French economy to bring the budget close to balance, writes Robert Graham in Paris.

The plea to carry out a sharp deficit reduction was one of the most forthright recommendations in the bank's report on the progress made by European Union members in complying with the convergence criteria for the European single currency.

France recorded a budget

deficit of 3 per cent of gross domestic product in 1997. The level is projected to drop marginally to 2.9 per cent this year - just under the 3 per cent ceiling laid down in the convergence criteria.

The report observes that EU members' budgets "must be close to balance or in surplus in periods of growth precisely so that public finances can play an expansionary role in periods of low growth".

The bank emphasises such a correction is essential to avoid "asymmetrical shocks" when

one member experiences economic difficulties. But the Socialist-led government has a strong commitment to welfare spending and recently agreed a costly public sector wage settlement.

As a result, the 1998 budget looks unlikely to follow these strictures.

The Bank of France prepared the report on its own initiative and its conclusions were those of its monetary committee. At the last moment the government decided against a formal request to the bank for

such a document.

More generally, the report says proper control of member states' budgets is essential for generating confidence in the new single currency.

The bank also takes the government to task, along with Belgium, Germany, Italy and Spain, for structural rigidities in labour markets. As was the case with this week's European Monetary Institute report, the bank singles out Italy's and Belgium's high government debt/GDP ratios as a source of concern.

stantive commitments are undertaken.

In response at a joint press conference, Mr Waigel emphasised the importance of his five-point plan, unveiled at last weekend's meeting of EU finance ministers in York, to accelerate debt reduction and tighten budgetary discipline across the countries which plan to join the single currency.

Meanwhile, the qualified support for the currency union offered by the Bundesbank appeared last night to have satisfied some of Germany's most prominent sceptics, including Edmund Stoiber, the influential prime minister of Bavaria. Mr Stoiber described the Bundesbank's strictures against Italy and Belgium as "just what I wanted to hear".

According to Brussels the 11 countries which fulfil membership conditions are Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

ended its long silence on which countries should be allowed to participate.

However, Mr Waigel's assurances may not be sufficient to offset the Bundesbank's concerns, which could add friction to the parliamentary approval process and are unlikely to help the government fend off a challenge by the euro's oppo-

nents in the constitutional court.

In a stronger-than-expected report, the central bank expressed "serious concern" about Italy and Belgium. It warned the two countries' debt levels - double the target set in the Maastricht treaty - represented a "major burden". Fiscal plans "known to date", were not

sufficient to dispel doubts about the governments' financial position.

The Bundesbank's tone was noticeably stronger than this week's report by the European Monetary Institute, forerunner of the European Central Bank, which expressed "ongoing concern" about the two countries' debt levels.

But the Bundesbank concluded the adoption of a single currency "appears justifiable" and Hans Tietmeyer, the bank's president, said it was not his role to make recommendations about which countries should be members. The Bundesbank also said concern about Italy and Belgium "could be eliminated if additional firm sub-

## Swiss relief as sanctions risk eases

By William Hall in Zurich

Swiss bankers yesterday gave a cautious welcome to the temporary lifting of a sanctions threat after the country's three biggest banks agreed to negotiate a global settlement of Holocaust survivors' accounts allegedly confiscated before and during the second world war.

The decision of Credit Suisse, Union Bank of Switzerland and Swiss Bank Corporation is the first step towards settling multi-billion dollar class actions from US Holocaust survivors, which are tarnishing the banks' reputations and threatening their US business.

The banks indicated in a letter to the World Jewish Congress that they were prepared to work with the WJC and the class action lawyers to negotiate "an honourable and moral conclusion through a global resolution of Holocaust-era issues directly related to the banks".

Until now the Swiss banks have been relying on an Independent Committee of Eminent Persons, headed by Paul Volcker, the former US Federal Reserve chairman, and set up with the support of the WJC, to address the problem of unclaimed dormant accounts of Holocaust victims and adjudicate on the claims.

The decision to negotiate with the WJC and the class action lawyers indicates that the Swiss banks are keen to reach an out of court settlement well beyond the scope of the Volcker commission.

Swiss bankers said any "breakthrough" only related to the big three banks. The Swiss Bankers Association and the Swiss government both refused to comment on the grounds that they were not involved.

Bankers in Switzerland were also disappointed that the meeting in New York on Thursday that had led to the deal had not resulted in a permanent cessation of the sanctions threat by US states and cities and played down the importance of what had been decided.

## Yeltsin uses not-so-gentle art of persuasion on Duma

John Thornhill on the Russian president's heavy handed attempt to usher his protégé Sergei Kiriyenko into office

Boris Yeltsin, Russia's president, yesterday paid a rare visit to the White House, a concrete monstrosity of the Moscow river which houses the government.

He was there to usher his latest political protégé, Sergei Kiriyenko, into the prime ministerial office, which the president now wants him to occupy on a permanent basis. But the meeting reeked of a broader political significance and an implied threat. Growing at the TV cameras, Mr Yeltsin urged parliament to approve Mr Kiriyenko's candidacy as prime minister on April 3.

"Do not start another round of confrontation," the president said, standing in the former Soviet-era parliament building which came under fire from government forces during the political crisis of October 1993.

"I am not trying to frighten anyone," he said. "But confirm him quickly. If you reject him once, twice, three times, then the fourth time means dissolution."

No one believes Mr Yeltsin will again resort to violence to force the parliament to approve Mr Kiriyenko. But

Mr Yeltsin threatened he would dissolve parliament unless it supported his man. Under the terms of the constitution the president must submit his candidate for the premiership to parliament for approval. But parliament can vote down the president's choice three times. In such an eventuality the president can either present another candidate or call fresh parliamentary elections.

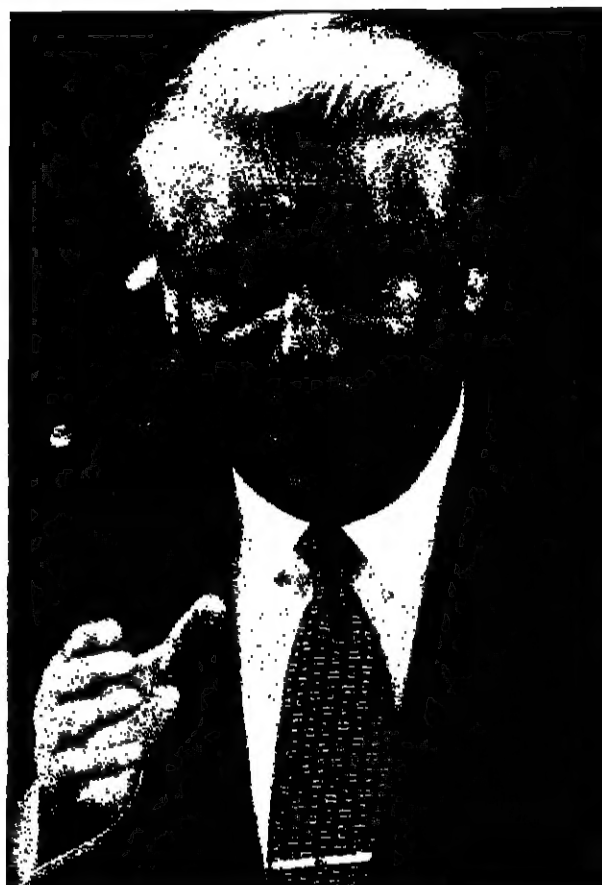
Mr Yeltsin appears to reckon that the Communist opposition, which forms the biggest party in parliament, will continue to back away from outright confrontation. His supporters argue the Communists do not want new elections for fear of losing the impressive gains they made in the last elections in December 1995. At that time the Communists and their allies won 221 seats in the 450-member legislature, largely because the pro-reform parties were divided among themselves. Such a result is unlikely to be repeated unless the pro-reform parties are feeling equally suicidal.

However, Gennady Selez-

nev, the Communist speaker of the Duma, the lower house of parliament, struck a mostly conciliatory note. "Perhaps we can confirm him [Kiriyenko] at the first attempt," he said. The Communist faction will review its position next week. Other parliamentary leaders have voiced more forceful opposition to Mr Yeltsin's nominee. Grigory Yavlinsky, leader of the Liberal Yabloko faction, said his party would probably oppose Mr Kiriyenko's appointment.

"From my conversation with Kiriyenko I concluded that he intends to do what [Victor] Chernomyrdin [the previous prime minister] did, only he will do it better. This is an accidental appointment and such appointments are a dangerous game," he said.

Even the pro-government Our Home is Russia party, which is formally headed by Mr Chernomyrdin, expressed reservations about Mr Kiriyenko. Alexander Shokhin, the party's parliamentary leader who seems intent on charting a more independent course, said the faction "would not automatically press the Yes button when reviewing Kiriyenko's candidacy" just because Mr Yel-



Boris Yeltsin: I am not trying to frighten anyone

sired and Mr Chernomyrdin supported him.

One senior White House official suggested yesterday that Mr Yeltsin might be secretly delighted if parliament did reject Mr Kiriyenko's candidacy. The president might be basking after a new, more pliable parliament, which would

give reforms a better chance of succeeding in the last two years of his presidency.

"Maybe the dissolution of parliament would not be a bad thing this year," the official said. "The spring is a better time for elections than the winter."

Man in the News, Page 7

## Aerospace groups back merger

By Michael Skapinker, Aerospace Correspondent

Europe's leading aerospace and defence companies yesterday told their governments they wanted to merge their activities but that much work remained before they could do so.

The four companies - Aerospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany, British Aerospace and Casa of Spain - said their report to the UK, German, French and Spanish governments had set no timetable for a merger.

The companies were responding to a joint statement in December by Tony Blair, UK prime minister, Chancellor Helmut Kohl of

Germany and Jacques Chirac and Lionel Jospin, president and prime minister of France.

The government leaders had asked European aerospace companies to explain by the end of March how they were going to restructure their industry.

The companies yesterday said they had agreed that the transformation of Airbus Industrie, the aircraft making consortium, into a single company next year should be followed eventually, by a wider merger.

The companies said their report was confidential. However, it is understood the report says the companies have agreed that the eventual European Aero-

space and Defence Company (EADC) should contain all their civil aerospace and defence interests under a single management. There are disagreements, however, over the role of military and regional aircraft.

It is unclear whether regional aircraft manufacturing should be absorbed by Airbus or should remain part of Aero International (Regional), a joint venture between BAE, Aerospatiale and Alenia of Italy.

The regional aircraft difficulties are likely to be resolved. The combat aircraft issue is more difficult because the Germans, British, Spanish and Italians are collaborating on the Eurofighter project, while Das-

sault Aviation of France builds the competing Rafale.

Another obstacle is who the shareholders in EADC would be. BAE, which is a listed company, is believed to be concerned that Daimler-Benz, which owns Dasa, will be too dominant a shareholder. Both BAE and Dasa are worried about the French government's ownership of Aerospatiale.

BAE and Dasa have said that Aerospatiale must be privatised. They argue that it would be impossible to run the merged company on a commercial basis with a large government shareholder. Paris has rejected this argument.

Lex, Page 24

## German strike averted

By Graham Bowley in Frankfurt

Fresh strikes by German public sector workers appeared to be averted yesterday after mediators said their proposals had been accepted by both sides in pay talks covering 3.2m workers.

The proposals, which the mediators said centred on a 1.5 per cent pay increase this year, will form the basis of further talks due to begin next week. Workers in east Germany would receive an additional 1.5 per cent rise to bring their wages up to 86.5 per cent of west German wages.

Negotiations between government and unions collapsed earlier this month after workers' representatives rejected an offer of a 1 per cent pay rise this year after they demanded a 4.5 per cent increase.

The talks, which are the most important pay negotiations in Germany this year, had been preceded by widespread strikes and protests by workers belonging to the DAG and OTV public sector unions.

There had also been a split over employers' demands that a pay rise be linked to cuts in benefits and sick pay, and the unions' demands for east German wages to be brought into line with the west.

Mediators said the new proposals would freeze bonus payments at 1993 levels. They also call for workers to begin contributing to pension plans, which are now paid for by employers. In addition, the mediators proposed part-time working for older employees.

## NEWS DIGEST

## COUNCIL ELECTIONS

## French regional president quits as support evaporates

A newly elected regional president from central France resigned yesterday, the fourth to do so after winning with help from the far-right National Front. Bernard Harang, a conservative from the Centre region, said he no longer had the support to govern.

"Media pressure, even physical pressure, contrary to the normal functioning of democratic institutions, has provoked defections in my own camp that prevent me from implementing the programme that I planned," Mr Harang said.

Several conservative regional presidents belonging to the Union of French Democracy, one of the country's two main rightist parties, were elected earlier this month with National Front help. The presumed electoral records provided a wave of anger in the political establishment.

Both President Jacques Chirac, a conservative, and Lionel Jospin, the Socialist prime minister, condemned the records, and warned they threatened the nation's democratic values.

The National Front won about 15 per cent of votes in the regional elections on March 15. It scored well in some regions, giving it clout in the election of council presidents. AP, Paris.

## PAKISTAN ALLEGATIONS

## Warrant issued for Bhutto

A warrant for the arrest of Benazir Bhutto, the Pakistani opposition leader, was issued by a judge in Karachi yesterday. Ms Bhutto has been told to appear in court on April 24, and that she will be allowed to seek bail.

The former prime minister faces allegations that she abused her powers by appointing hundreds of party supporters to jobs in state owned companies such as Pakistan International Airlines. Ms Bhutto has denied the claims.

Her husband, Asif Ali Zardari, has been in jail since her government was dismissed in November 1996. He is accused of conspiring to kill her brother, Murtaza, who was shot in a gun battle with police in Karachi. Farhan Bokhari, Islamabad

## ECUADOR'S ECONOMY

## Austerity package ratified

The new head of Ecuador's policy-setting monetary board yesterday ratified a \$400m austerity package and 7.5 per cent devaluation of the sucre. The board's new president, Francisco Sueti, said the board would consider further austerity measures if necessary.

The former head of the board, Danilo Carrera, and Fidel Jaramillo, the central bank chief, resigned on Thursday after President Fabian Alarcon criticised the devaluation. But Mr Sueti said the board would not decide until next week whether to accept Mr Jaramillo's resignation.

The austerity package followed the rejection by Congress of government plans to increase value added tax to 14 per cent from 10 per cent. The increase was aimed at paying for hundreds of millions of dollars of damage caused by the El Nino weather phenomenon. Reuters, Quito

## NORWEGIAN OIL

## Government under fire

Norway's opposition parties yesterday renewed criticisms of government plans to cut oil output to bolster prices. Mari Holmboe, the oil and energy minister, continued efforts to salvage the cuts after the opposition shot down her original proposals on Thursday. But a ministry official declined to give details.

The opposition Labour and Conservative parties accused the minority government of clumsiness and of damaging Norway's international standing with its plan to cut Norway's 3.2m barrels per day output by 3-6 per cent.

Both parties, which have 66 and 23 seats respectively in the 165-member parliament, said they would continue contacts with Mr Holmboe in coming days. But the opposition far-right Progress Party, with 25 seats, said it would oppose any cuts by Norway, the biggest oil exporter after Saudi Arabia.

The three-party coalition government has just 42 seats in parliament and needs to make compromises to secure the 83 seats needed for a majority. Reuters, Oslo

## GERMAN CANDIDATES

## PDS admits making mistakes

The Party of Democratic Socialism (PDS), the successor to East Germany's communists, yesterday acknowledged flaws in its policy of choosing colourful candidates for the general election in September.

Lothar Bisky, the party's election strategy chief, said the PDS leadership was wrong to propose Elmar Schmähling, a former head of West German military intelligence, for a key constituency in Berlin. Mr Schmähling stood down after criticism from within the party and the press linked to a fraud investigation following the failure of two companies in which he had a stake.

The decision to nominate Mr Schmähling was part of Mr Bisky's strategy of adopting western candidates to enhance the national profile of the party, which derives nearly all its support in the east. But while the tactic has generated copious headlines, it has also led to conflict between the leadership and party members. Frederick Stüdemann, Berlin

## FERDINAND PORSCHE

## Leading motor innovator dies



Ferdinand (Ferry) Porsche died yesterday, rabbling the motor industry of one of its leading innovators. He was best known for high performance sports cars and was the oldest member of Germany's foremost motoring dynasty.

Porsche, who died in Austria at the age of 88, was the son of Ferdinand Porsche, a leading motor engineer most famous for the vehicle which became the Volkswagen Beetle, one of the world's best selling cars. On his father's death, Ferry Porsche took the reins of the family engineering company, which he developed into the sports car group of the same name.

His most famous product was the first-generation 911, unveiled in 1963, which went on to become a byword for high-quality engineering. Although frequently updated, the 911 was only replaced last year. In 1948 he had played a key role in developing the 356 (above), the first sports car bearing the Porsche badge. The convertible, based largely on VW parts, became an immediate success, with almost 80,000 built in the next 15 years. Haig Simonian, Motor Industry Correspondent

FINANCIAL TIMES  
Published by The Financial Times (Europe)  
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Responsible for Advertising content: Colin A. Kennard. Printed by Walter International Verlagsgesellschaft mbH, Adenau-Rheinstraße 3a, 63463 Neu Isenburg. ISSN 0174 7563. Responsible Editor: Richard Lambart. Editor: Richard Lambart. Editor: Richard Lambart. ISSN 1148-2753. Commissionaire: Pearson No 67800.

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CLINTON IN SOUTH AFRICA US PRESIDENT ADAMANT THAT TRADE ACCESS WOULD IMPROVE FOR ALL AFRICAN STATES

## Mandela attacks 'unfair' trade bill

By Victor Mallet  
in Johannesburg

Nelson Mandela, the South African president, attacked President Bill Clinton's African trade policies yesterday and vigorously defended his friendships with the leaders of Cuba, Iran and Libya.

On the second day of Mr Clinton's visit to South Africa, Mr Mandela told a news conference in Cape Town that South Africa had "serious reservations" about the proposed Africa Growth and Opportunity Act now before the US Congress. "To us it is not acceptable," he said.

The trade bill offers improved access to the US for African exporters, provided they meet US conditions on human rights and free markets. South Africa objects to the one-sided conditions in the bill and says it could be unfair to weak African economies.

Mr Clinton, however, argued yesterday that it would improve trade access to the US for all African nations without conditions while providing even greater benefits for those moving towards democracy and economic reform. "I myself would not have supported it



"This was my home," Nelson Mandela told Bill Clinton yesterday when they visited the Robben Island cell where Mr Mandela was imprisoned for 17 years. Picture Reuters

If it had imposed new burdens on some countries while giving new benefits to others," said the president, who is on a six-nation African tour.

Mr Mandela described Mr Clinton's trip - the first to South Africa by an incumbent US president - as the "high water mark" of the many state visits he had

hosted since the 1994 election which ended white minority rule. But he remarked pointedly that he had also invited Fidel Castro of Cuba, Hashemi Rafsanjani of Iran and "brother leader" Muammar Gaddafi of Libya.

"Our moral authority dictates that we should not abandon those who helped us in the darkest hour in the

history of this country," he said, referring to support for the African National Congress and its guerrilla army in the fight against apartheid. "Not only did they support us in rhetoric. They gave us the resources for us to conduct the struggle and to win."

"Those South Africans who have berated me for

being loyal to our friends, literally, they can go and throw themselves into a pool," he said to laughter from his audience. At a banquet on a wine estate owned by the Anglo American conglomerate last night, Mr Mandela was due to present Mr Clinton with South Africa's highest medal, the Order of Good Hope - an honour which the US president will now share with Col Gaddafi.

Mr Clinton echoed the speech in Cape Town 38 years ago by Harold Macmillan, then British prime minister - who told an unresponsive audience of South African white MPs about the "wind of change" sweeping through colonial Africa.

"For centuries the winds that blow around the Cape of Good Hope have been known for strength and danger," Mr Clinton said.

"Today the winds blowing through Cape Town and South Africa and indeed much of this continent are winds of change and good fortune. I am deeply pleased that we are committed to harnessing the winds of change together."

Clinton's home thoughts, Page 7

## Suharto in moves to silence businessmen

By Sander Theoses  
in Jakarta

Indonesia's tycoons are learning the hard way that, as far as President Suharto is concerned, the business of business is business only.

Arifin Panigoro, president of the Medco oil company which produces oil in both Indonesia and Kazakhstan, yesterday denied allegations that he had called for an uprising against the government and insisted he had done nothing but attend a seminar led by Amien Rais, a vocal but peaceful critic of Mr Suharto.

But that appeared to have been sufficient cause for police to drag him in for numerous rounds of questioning and put him under investigation for allegedly plotting against the government.

Mr Arifin is the second prominent businessman to be publicly humiliated in this manner, following allegations in January against Sofyan Wanandi, chairman of the Gemala group, of sponsoring terrorists.

Mr Wanandi insisted that the charges were false and

meant only to stop him from criticising Mr Suharto.

If so, it worked. Mr Wanandi has not been seen in public for months.

Mr Arifin avoided a press conference and asked journalists not to question him about the incident. "It is not easy for a simple person to be subjected to mental pressure. I want this process to be over as quickly as possible," he said.

"Why does the government get so afraid, or upset, if a businessman plays politics?" Mr Arifin asked, when journalists pressed him on the issue.

"I guess it was a matter of timing," he said.

The seminar was held during the People's Consultative Assembly (which re-elected Mr Suharto earlier this month) and that is a sensitive time. I guess I had bad luck."

By punishing business executives who stray too close to the opposition, Mr Suharto appears to underscore his tactic of divide and rule which has seen generals pensioned off for flirting with student groups, student activists jailed for up to 13 years for appealing to work-

ers, and religious leaders ostracised for trying to unite critical Muslims.

One leading executive said such a tactic works well with business, which is largely dependent on patronage for contracts and licences.

"Maybe he's trying to split business and politics," one leading executive said. "I'm a loyalist. I think it's wrong if you have been given an opportunity by the government and then get too critical. I got it all from the government."

This tactic has been very effective in keeping business from sponsoring ongoing student demonstrations, said Anas Urbaningrum, chairman of the student association Himpunan Mahasiswa Islam.

"There are few businessmen in Indonesia with a political vision," he said. "Business is business in Indonesia."

"We have Pancasila democracy," added the executive. "That means following Mr Suharto, not pushing him. It's like my company, if somebody in my company gets too critical, I tell him to split."

## Country music hopes to strike a chord in the city

Big players in the industry are hoping to spread the music genre from blue grass country to the big conurbations

By a Special Correspondent  
in Nashville

At the Bluebird Cafe, a modest eatery in suburban Nashville, the good ol' boys and girls are huddled together on a bitterly cold winter's evening doing what comes naturally - listening to country music and eating catfish burgers.

This is the heartland of country music which has grown and prospered throughout the mid-west and south, but if Hollywood has its way the gospel will spread beyond blue grass country to the movie lots of the west coast and the citadels of entertainment in the north-east.

Disney is launching its Lyric Street label in May. DreamWorks, the new film company of Steven Spielberg, David Geffen and Jeffrey Katzenberg, is also getting into the country music business with DreamWorks Records. Both are based in Nashville, home of country music recording.

EMI's Capitol Nashville, whose stable includes Garth Brooks, the biggest-selling country music artist in history, is also seeking to capture a wider audience with the lucrative New York market in mind.

Pat Quigley, president of Capitol Nashville, recently registered the "Town and Country" label with plans to broaden the base of country music. His target is the so-called "generation Xers" - younger consumers who have shunned country music as old-fashioned and out-of-tune with the times.

But Mr Quigley, a New York marketing specialist, thinks country music can broaden its appeal, while remaining true to its working class and small-town values, to include elements of rhythm and blues, pop and cajun.

"What we have to do," he said, "is to improve the quality of the music and broaden its appeal. We have to incorporate lyrics which are relevant to life. The young are irreverent, they challenge institutions. They are more liberal. They have less to lose."

Disney does not have in mind quite the same "hard-edged" approach, but Randy Goodman, head of Lyric

Street, also thinks country music can extend its range while preserving the Disney formula classified broadly as family entertainment.

"We have to be in the country music business to be a complete media company," he said. Disney in 1989 launched its Hollywood Records, and Lyric Street is an outgrowth of that move.

This is not to say, however, that country music is a "minority" taste. In 1997, country sold 70.7m albums and singles, up slightly on 1996 but well below the previous boom years. Market share last year was around 10 per cent. The study, by the Country Music Association (CMA), found there had been a drop-off of 23 per cent in numbers, mostly young people, actually listening to country music.

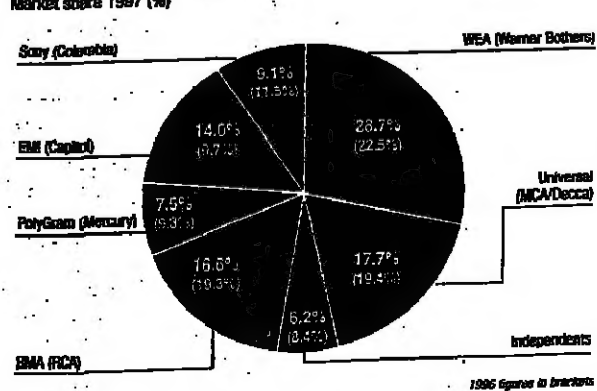
This tends to confirm Mr Quigley's view that the industry needs to take risks to appeal to Generation X. But on the other hand, sales among women across demographic groups held firm. Randy Goodman of Lyric Street said that women find a "safe refuge" in country music because they are not going to hear bad language or be challenged socially or politically.

James Stroud, head of the DreamWorks country label, said the new company felt it had to embrace country music to be a complete entertainment entity.

But Nashville executives recognise they are in a tough and competitive business, both for a finite share of the market and for top artists. Mr Stroud expects that over the next few years the number of leading labels will shrink from the present 20 as the industry consolidates.

Robert Oermann, a country music industry analyst, said country is "much more competitive" with "big guys" such as Disney now muscling into the business.

Mr Quigley of Capitol Nashville wants to change that, doubling market share of country music by 2000. For that to happen he needs to break into the biggest market in the US - New York, which does not boast one country music station and is resistant to country music. His dream, it seems, is to see more cowboy hats in Manhattan.

Country music  
Market share 1997 (%)

Source: Billboard

1996 figures in brackets

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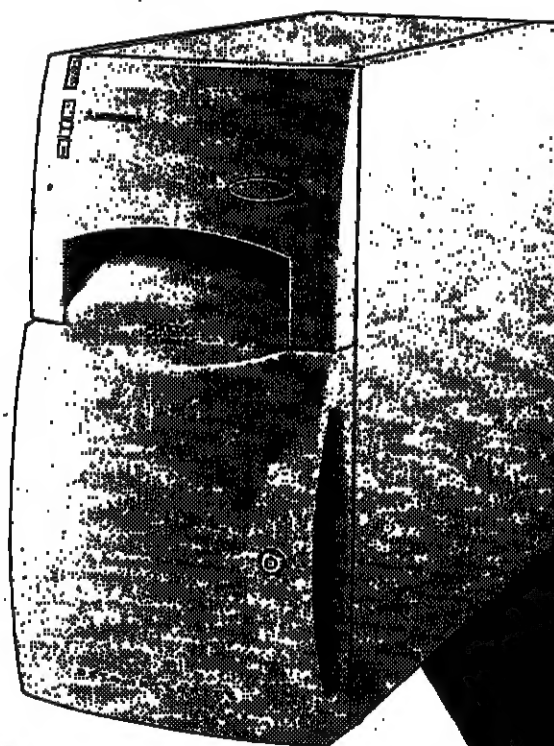
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## INTERNATIONAL

## ARKANSAS SCHOOL TRAGEDY

## Killings belie fall in crime by children

By Nancy Dunne in Washington

President Bill Clinton yesterday offered sympathy to the shooting victims of "the terrible tragedy" in an Arkansas school yard during a press conference with South African President Nelson Mandela and vowed to confer with the US attorney general upon his return.

But the killings on Wednesday of four children and their teacher by two boys, aged 11 and 13, belie the fact that violent juvenile crime is on the decline in the US. After a decade of rising bloodshed, juvenile arrests for violence dropped by 3 per cent in 1995.

However, justice department researchers call juvenile crime "an epidemic" among small, but significant segments of young Americans.

Compared with youth in other countries, the rate of violence is particularly high. A 17-year-old American is 10 times more likely to commit murder than his Canadian counterpart.

Between 1984 and 1994 some 4.6m violent crimes were committed against children aged 12 to 17. During the same period juvenile deaths involving firearms nearly tripled. About 50 families each week lost children to murder in 1994.

Juvenile violence is so common it often goes unreported. A day after the Arkansas killings, a 13-year-old boy was arrested in California for firing an automatic pistol at his school principal. In Michigan, a dozen high school students watched an

18-year-old boy shoot himself. In Texas, three teachers were slashed with a razor by a boy after they tried to stop him cutting himself.

Even the extreme youth of the alleged assailants in Arkansas is no longer unusual.

Researchers in one study found that "a small but substantial proportion of boys and girls were involved in serious violence even before becoming teenagers". Surprisingly, the number of girls committing violent acts is rising, and there is evidence that they are beginning at even younger ages than boys.

The Arkansas shooting has set off fingerpointing. According to the justice department no single factor causes youth violence but family, schools, peers and neighbourhoods all play a role.

Many blame a culture of violence, perpetrated from Hollywood, in films and on television. Others blame video games - noting that the 11-year-old charged in the shooting was devoted to them. Some activists blame the "moral and spiritual decline" of US society - yet the 13-year-old attended church twice a week.

Liberals like to blame the easy availability of guns. But Steve Dabach, national chairman of the Libertarian party, which believes any attempts to restrict gun ownership are "un-American", said that for every innocent victim murdered by guns, there were dozens alive "because of the defensive use of guns."

## Bitter contest splits world football body

By Jimmy Burns

The stage was set yesterday for a fierce contest for world football's biggest job, with senior officials of the game's governing body, Fifa, divided between two rival candidates.

Fifa's general secretary Sepp Blatter formally confirmed that he was a candidate for president.

In a letter to the outgoing president, Joao Havelange, he said his decision had been prompted by the "direct support" he had received from several unnamed national associations.

Mr Blatter is thought to be counting on the support of several senior Fifa officials, led by Mr Havelange and including the US soccer federation chief Alan Rothenberg, and the Argentine football federation president Julio Grondona. He is also thought to have the support of some African, and Asian football associations.

Mr Blatter will launch his election campaign at a press conference in Paris on Monday, alongside Michel Platini, the French co-president of the 1998 World Cup organising committee. Mr Platini, a former French international player, is thought to have been offered a senior Fifa post if Mr Blatter wins the election in June.

The Blatter initiative came under fire yesterday from the camp of the previously declared candidate, Lennart Johansson, who is president

of Uefa, European football's governing body.

Mr Johansson has been nominated by the Swedish Football Federation, and claims the support of most of Uefa's affiliated associations.

Uefa's general secretary, Gerhard Aigner, said last night: "The most important conclusion I make from this (the Blatter announcement) is that Fifa as an organisation is being run by people who do not believe in the democratic process."

The Johansson camp believes that Mr Blatter, with the tacit backing of Mr Havelange, has abused his position as general secretary to campaign behind-the-scenes before this weekend's announcement.

These do not look like secure foundations from which to launch a renewed bid for power. But the most loyal supporters of Carlos Menem, Argentina's president, are not going to let their leader's deep unpopularity or the odd legal obstacle stand in their way.

The "ultramensinists" have petitioned the Supreme Court to strike down the constitutional clause blocking a third consecutive presidential term. Barring Mr Menem from the next presidential race is an infringement of his human rights, they argue.

Furthermore, Mr Menem's second term of office, which began in 1995, is his first full term under new constitutional arrangements implemented in 1994. So the third

## Hong Kong cuts prime lending rate to 10%

By Louise Lucas in Hong Kong

Hong Kong banks are to cut the prime lending rate by 25 points to 10 per cent.

The cut, effective from Monday, comes after a number of big property developers made substantial provisions against the waning value of developments.

"It's getting to a time

when the Hong Kong government must take complaints from the property sector very seriously," said Dong Tao, economist at Credit Suisse First Boston. "The Hong Kong economy is a property economy, and given the concerns over the property market, this is a move that must be taken."

However, while the cut

may help sentiment, it is seen as too small a cut to affect economic growth. Forecasts expect growth of around 3 per cent or less this year, compared with 5 per cent in 1997.

Interest rates began to rise in Hong Kong in the wake of the Asian financial crisis. Speculative attacks were

launched on the currency in the wake of devaluations elsewhere in the region, and the defence resulted in double digit inter-bank interest rates, compared with around 6 per cent earlier in the year.

As a result, prime lending rates were lifted in October last year and again in January, when the rate was lifted from 8.50 per cent to 10.25

per cent. This in turn further depressed the moribund property market, where prices are down around 30 per cent from the peak last summer.

Daryl Ho, senior economist at Jardine Fleming Securities, said: "Of the factors dampening the economy, there is a very poor

external environment - that's not going to change - and asset price deflation, the negative wealth effect."

One problem that persists is a lack of funds. Japanese and other foreign banks have effectively frozen their lending in Hong Kong, in order to reduce Asian exposure in the wake of the crisis.

## Players tackle the changes in rugby union head on

John Ridding finds out why Chinese players are replacing the British at the Hong Kong sevens event this weekend

Defending champions Fiji are the favourites, Australia and New Zealand are again in the frame. But beyond the tackles, tries and ritual revelry, much has changed at this year's Hong Kong rugby sevens.

Peregrine, Hong Kong's biggest investment bank and the original sponsor, has filed for bankruptcy. None of the British unions is sending a team, and China will make its international debut.

This weekend's sevens, the first since the transfer of sovereignty, are as much a snapshot of post-handover fortunes as a sporting event.

Last year, the annual tournament doubled up as the sevens world cup, thrusting Hong Kong to centre stage on the eve of its return to China.

This weekend, the backdrop is regional crisis, Hong Kong's resilience and its role as middleman between China and the world.

There will be fewer spectators from the rest of the world in Hong Kong this time around.

"Direct overseas sales are down by about half from the usual number of 8,000 to 9,000," said David Roberts, the commercial manager of the Hong Kong Rugby Football Union.

Much of the explanation lies in the regional economic crisis which prompted the collapse of Peregrine.

As international rivals wrestled over Peregrine's assets, Credit Suisse First Boston swooped to pick up the sponsorship.

Asia's woes have hit the region's tourists and left Hong Kong exposed as a high-cost destination. The deterrent effect for travelling

fans was further compounded by a health scare over chicken flu, and lingering concerns about the territory's new overlord.

"It is surprising, but there is still a general misunderstanding of what is happening here," said Mr Roberts. "People still ask if Hong Kong can be all right now that it is part of China."

Such concerns seem strange to Hong Kongers. While economic sentiment has been battered, the political transition has been smoother than most expected. The only acts of hostility expected from the mainland are likely to take place on the rugby pitch.

"China has become a lot stronger in rugby," said Chiu Kwok-kong, the assistant director of the HKRFU. "I have no doubt they will be a major power in 10 or 15 years."

Mr Chiu's logic is simple. "Chinese people are tough and rugby is a tough sport." A selection pool of several hundred million and a commitment to match rising economic and political clout with prowess on the playing field, bolster his optimism.

Swimming has already been conquered - though perhaps with a little chemical help and soccer is under siege.

"They are considering sending a rugby team to the Asian games in December, so they will want to put on a good performance here," said Mr Chiu.

As with commerce and industry, China has drawn on Hong Kong's help.

The HKRFU has provided training for referees and players, with several recent



David Campese, the Australian winger and sevens team captain, is likely to inspire Asia's new players. Picture: Alport

visits to help develop the special skills required for sevens.

Progress is clear. There are now some 30 rugby teams in China, drawn mainly from universities and the armed forces. Few fancy their chances this weekend - particularly with hard-tackling Tonga and Western Samoa in their pool. But the Chinese are not to be taken lightly: just ask the First Battalion of the Black Watch, defeated last year in a 10-a-side tournament by the People's Liberation Army.

This year, the Chinese will

not have the chance to beat the Brits at sevens. The change in the schedule for the Five Nations championship appears partly to blame - although France has managed to dispatch a team to Hong Kong. Otherwise, Europe will be represented by such fledgling rugby powers as Spain and the Netherlands. The supremacy of the southern hemisphere is even less unlikely to be tested than usual.

"It was a bit disappointing," said the HKRFU's Mr Roberts, referring to the British absence. "There are 200,000 rugby players in the UK and they couldn't send a team to Hong Kong for a week."

Apart from that, the HKRFU executive is upbeat. Although much of the original Peregrine merchandise will go to charities, the tournament should still turn a profit. Corporate demand remains strong - as demonstrated by the hordes of executives descending from head offices this week for conveniently scheduled Hong Kong board meetings.

Just as important, the fall in overseas visitors will mean there is more room for locals. "We should have the

biggest crowd ever from Hong Kong residents," said Mr Roberts.

That is important if rugby in Hong Kong is to spread its roots beyond the expatriate community. The success of mini-rugby and youth rugby suggests the sport is broadening its appeal, as does the presence of Hong Kong Chinese players in the territory's 15-a-side team.

Yet organisation goes only so far. There is little to match the side-step of Australia's David Campese or the Fijians in full flow to inspire the territory's new generation of rugby players.

## ARGENTINE POLITICS COURT PETITION SEEKS TO CLEAR WAY FOR THIRD PRESIDENTIAL TERM

## Menem's supporters refuse to be deterred by setbacks

By Ken Warn in Buenos Aires

His approval ratings are stuck below 20 per cent. His party was trounced in last October's mid-term elections. He is barred under the constitution from seeking another presidential term next year.

These do not look like secure foundations from which to launch a renewed bid for power. But the most loyal supporters of Carlos Menem, Argentina's president, are not going to let their leader's deep unpopularity or the odd legal obstacle stand in their way.

The "ultramensinists" have petitioned the Supreme Court to strike down the constitutional clause blocking a third consecutive presidential term. Barring Mr Menem from the next presidential race is an infringement of his human rights, they argue.

Furthermore, Mr Menem's second term of office, which began in 1995, is his first full term under new constitutional arrangements implemented in 1994. So the third



Carlos Menem: controversy has kept him centre-stage

term would really only be a second term.

The opposition Alliance is taking the "re-election" threat seriously. Today activists will take to the streets to ram home their message that the manoeuvre poses a danger to Argentina's democratic institutions.

Last week former President Raul Alfonsin, one of the Alliance's co-leaders, said a third Menem adminis-

tration would not be legitimate and people would be entitled to resist it.

The ultramensinists have countered with posters reading "Ten years of stability. And then?" and have sent girls in "Menem 1999" T-shirts striding through Buenos Aires.

Mr Menem has tossed the media and opposition relentlessly over the issue. He has both denied and affirmed that he is prepared to run again if the constitutional bar was lifted.

As a device to confound his opponents, it could not have been bettered. "This has gone off like a neutron bomb in Argentine politics," said one foreign diplomat. "It has paralysed the opposition and Menem's rivals in his own Peronist party."

Mr Menem, who has steadily resigned Argentina towards the global economy, has been in power since 1989. He has already engineered one key reform of the constitution, which previously barred two consecutive terms - but that was with the backing of much of

the opposition. However, pushing the re-election strategy to its limits could provoke a political crisis.

"The Supreme Court is being asked to rule that part of the constitution is unconstitutional," said Rosendo Fraga, a political analyst. "From an institutional point of view, that would be very serious indeed."

The Alliance has threatened to impeach Supreme Court justices who back the change.

But Mr Menem is likely to stretch out the uncertainty as long as possible. It keeps the opposition rallying over a hypothetical issue, rather than elaborating an alternative vision of government. It keeps Eduardo Duhalde, governor of Buenos Aires province and the self-styled "natural successor" to Mr Menem, on the political sidelines, unable to grasp the Peronist helm.

And it keeps Mr Menem, who was written off as a lame duck after October's election defeat, firmly centre-stage.

## Incomes in US rising rapidly

By Gerard Baker in Washington

US personal incomes and spending grew rapidly in the first two months of the year, as Americans remained untroubled by the Asian financial crisis, the Commerce Department reported yesterday.

Personal incomes grew by 0.5 per cent in February for the second straight month, to a seasonally adjusted annual rate of \$7,140bn. Consumer spending rose by 0.4 per cent to \$5,680bn, following a 0.7 per cent rise in January.

Driving the growth in incomes appears to be the continuing strong demand for labour - unemployment remains close to a 25-year low, and real wages are rising strongly. Spending has also been helped by the low mortgage rates in ten years, a surging stock market, and some unseasonably warm weather at the start of 1998.

Overall, the US economy shows no ill effects from the Asian financial crisis, though most economists, including those at the Federal Reserve, expect activity to slow later this year. Exports to Asia have been affected, but so far the external weakness has been more than offset by strong domestic momentum.

Most categories of income recorded strong increases last month, including the most important - wages and salaries, which rose by 0.9 per cent after a 0.8 per cent gain in January. Also higher were business owners' income transfer payments such as welfare and public pension payments and interest and dividend income. Farmers' income and rental income both fell, however. Tax payments increased in February after falling in January, a result of an adjustment in taxes withheld from pay packets reflecting a tax cut enacted last year.

## Albania to get Nato advisers

By David Buchan in Brussels

Nato announced yesterday the dispatch of specialist advisers to Albania to help it beef up security on its border with Yugoslavia and crack down on the smuggling of arms to ethnic Albanian Kosovars inside Yugoslavia.

The Tirana government has asked Nato to send troops and to stage a big exercise inside Albania in order to deter Serb security forces from striking across the border at Albania if the civil war in Kosovo worsens.

Nato refused, arguing the situation on the Albanian-Yugoslav border did not warrant deploying alliance troops and that the Albanian army was too disorganised to host a Nato exercise. To shore up Albania, Nato is considering opening an office in Tirana and sending a few ships from its standing military fleet on visits to Albanian ports this summer.

The first Nato team of seven civil and military advisers will go to Albania next week to advise on the handling of refugees from Kosovo, to be followed by similar teams to advise Albania how to train its border guards, safeguard ammunition depots and prevent arms smuggling. According to western diplomats, Albania, the poorest country in Europe, has only 300 guards strung along its border with Yugoslavia.

Robert Gelbard, US special envoy to the Balkans, told reporters yesterday while visiting the Yugoslav republic of Montenegro that President Slobodan Milosevic was refusing to meet him. Gay Dimmore adds from Belgrade.

Diplomats interpreted Mr Milosevic's intransigence as a snub towards the Americans after western foreign ministers this week threatened to impose further sanctions on Belgrade.

## SOCCER WORLD CUP CARTELS SEEK TO USE THE STRAIN ON CUSTOMS POINTS TO INUNDATE EUROPE DURING THIS YEAR'S COMPETITION IN FRANCE

## Colombian and Russian drug groups link up

By Adam Thomson in Bogota

Colombia's drug cartels are working with the Russian mafia to inundate Europe with drugs during this year's soccer World Cup to be held in France, according to the director of Colombia's National Police, General Rosso Jose Serrano.

General Serrano, who is credited with putting the leaders of Colombia's notorious Cali drug cartel behind bars, said that the cartels and the mafia were looking to use the potential strain on European customs caused by the mass influx of tourists to

smuggle drugs into Europe. "We have reports that traffickers, motivated by the World Cup, will attempt to take advantage of the situation to enter drugs into Europe and other countries participating in the event," he told a conference on narcotics control in Costa Rica this week.

There is mounting evidence of a growing business relationship between the Russian mafia and drug cartels from Colombia, the world's largest producer of cocaine.

"We now have a common enemy and a little-known

enemy in the region: the Russian mafia," said General Serrano.

In January, Russia's Federal Security Service discovered 265 kilos of Colombian cocaine in an underground vault between the Siberian town of Braski and the port of Vladivostok. Last year alone, some 40 tons of cocaine left Colombian territory bound for the former Soviet Union, according to Colombia's anti-narcotics police.

The Russian mafia organisations have gained increasing strength since the fall of the Soviet Union.

Initially, the groups - many of them made up of former KGB agents who found themselves without work following the collapse of the Communist government - earned most of their income through dealing in the black market and selling stolen arms from the poorly-controlled arsenals of the former Soviet Union.

More recently, the groups have shown greater interest in the drugs trade. According to Gen Serrano, their increasing involvement in the narcotics trade in the Americas may confound the

efforts of local anti-narcotics agents even further.

"We are doing everything in our power to avoid a new ingredient to the multiple problems we already face," said Gen Serrano.

Authorities both in Colombia and the Federation of Russian States have started to work in unison in an attempt to combat the strengthening links between the two countries' mafias.

In November last year, Colombia's Foreign Affairs Ministry and the Russian Embassy signed a joint agreement to exchange infor-

mation concerning Russian mafia connections to Colombian drug traffickers.

But Colombia's cultivation of illicit crops is on the rise. According to US authorities, the country's production of crops used to make cocaine grew by 18 per cent last year despite record levels of crop fumigation by local authorities.

With the growing narcotics markets in the former Soviet Union and in Europe, the prospects for successfully combatting the growing relationship between the criminal organisations look far from promising.



ENEMY ASSETS MINISTER TO PUBLISH DETAILS OF CONFISCATION FROM YEARS OF THE HOLOCAUST

## Payback plan for war victims

By Simon Buckley,  
Social Affairs Correspondent

The government is poised to offer compensation for assets confiscated by British authorities from 25,000 companies and individuals during the second world war.

On Friday, ministers will publish a report detailing how the government confiscated a total of £367m (£613m) at 1939 prices from nationals of Germany and other enemy countries, including many who were victims of the Nazis.

Margaret Beckett, the trade and industry secretary, is expected to decide in the next few days to announce that the government will

make an ex-gratia payment, possibly to a body which supports Holocaust survivors and their heirs, in compensation.

Although this would signal a shift towards accepting the principle of restitution, it is unlikely to satisfy campaigners who want individual victims or their families to get their confiscated assets back.

Lord Janner, chairman of the Holocaust Educational Trust, said: "A slush fund would be a start. But the government should find ways to give money back to the individuals or their heirs who had it taken."

Under the 1939 Trading with the Enemy Act, all

assets invested in Britain by enemy nationals, including victims of the Nazis, were seized by the Custodian of Enemy Property.

Most of the £367m has already been returned. However, of that, £23m was taken from 25,000 investors from Germany, Hungary, Romania and Bulgaria who were unable to get money back after the war unless they could prove they had been victims of the Nazis. For many, this was impossible.

It is believed that 90 per cent of the £23m was owned by businesses, leaving just £2m - £50m at 1998 prices - invested by individuals. Because there is no way of

knowing exactly how many of these were victims and how many were perpetrators of atrocities, the government is likely to decide to offer compensation to a general fund.

However, as the government spent the vast majority of the unreturned money immediately after the war in order to repay British companies owed money from before the war, only about £1.3m at 1998 prices remains. Although a full list of the 25,000 names and addresses of those who had assets confiscated will be published by the government in April, it cannot find records of how much each individual had lost.

And officials do not know which of these people received compensation totalling £1.5m at 1939 prices which was granted, with no inflation uprating, to more than 800 claimants between 1947 and 1971.

In addition to these 25,000, a further 3,000 people from countries occupied by Germany also had money confiscated that has not been reclaimed. The government has been committed since 1988 to returning funds to them if they make a claim. Bank accounts of nationals from other countries occupied by Germany, including France, Italy, Austria, Greece and the Benelux, were unfrozen after the war.

## N Ireland may hold special poll every five years

By John Murray Brown  
in Dublin

The government is considering legislating to allow a referendum every five years on the future of Northern Ireland as a way of encouraging Sinn Féin, the political wing of the Irish Republican Army, to endorse a settlement next month.

The proposal, which has yet to be submitted to participants in the region's multi-party talks, is likely to prompt pro-British Unionist misgivings. David Trimble, the leader of the Ulster Unionist party, described it as a recipe for instability.

"This is laughable," he said. "It's hard enough to get people to vote in elections every five years, let alone a referendum."

A senior UK official said the government hoped the idea would appeal to Sinn Féin, which is seeking to explain to its supporters that any deal struck at the Stormont talks is a "transitional" staging post to a united Ireland.

As participants prepare to enter the final two weeks of negotiations in advance of the April 9 deadline for a deal, the government appears anxious to suggest a settlement could be looked at again if attitudes changed.

As the Irish government faces dissent over possible amendments to the constitutional claim over Northern Ireland, attention is shifting to proposed changes to British legislation - the 1930 Government of Ireland Act and subsequent legislation.

Any Stormont deal would be put to the people on both sides of the border in referendums in late May. The government appears to be using the lure of subsequent referendums as a way of encouraging nationalists to buy into a deal which may be less than they set out to achieve.

Demographic projections suggest that Catholics, who currently make up 42 per cent of the population, are set to close the gap on Protestants.

An Irish diplomat said: "We want this settlement to stick for the next couple of generations at least. Clearly no government can set its face against the will of the people. But if this is the way of sweetening the bitter pill I don't think it's going to work."

## NEWS DIGEST

## NATIONAL LOTTERY

### Former GTEch chief in appeal over libel verdict

Guy Snowden, the former chairman of GTEch, the US lottery operator, yesterday filed an appeal against the verdict in his failed libel action against Richard Branson, the founder of the Virgin group. The appeal comes a few days after GTEch held talks with Ofcom, the National Lottery regulator, in its attempts to prove it is a fit and proper company to be involved in running the UK's National Lottery. Ofcom is to make its decision in the next few weeks.

Mr Snowden resigned from GTEch and from the board of Camelot, operators of the lottery, in February after a High Court jury decided that he had tried to bribe Mr Branson to drop his rival bid for the lottery licence. The appeal claims that Justice Morland's summing up misdirected the jury on the evidence, with the result that Mr Snowden was denied a fair trial. Mr Snowden's lawyers claimed there were "material inconsistencies" in Mr Branson's evidence and expressed concern about the judge's summing up over the actual words spoken at the lunch attended where the bribe attempt took place.

Virgin said it would fight the appeal and was confident the appeal would fail. Scheherazade Dameskhlu

## ASPHYXIA CONTROVERSY

### Prison chief expresses concern

Richard Tilt, prison service director-general, yesterday expressed "concern" at the controversy caused by his comment that black prisoners are more likely to die than whites when restrained. Mr Tilt said he made the remarks after a study showed individuals with sickle cell anaemia - a condition suffered only by Afro-Caribbeans - could be more susceptible to asphyxia when under restraint.

The prison service said: "Mr Tilt is greatly concerned at any upset his comments may inadvertently have caused". He said that more Afro-Caribbean prisoners died while under restraint than whites because of "physiological differences" came after an inquest ruled that a black man who died during a struggle with jail staff in 1985 was unlawfully killed. Seven officers have been suspended. Liam Halligan, London

## QUEEN ELIZABETH

### Monarch accepts gift of beer



Queen Elizabeth paid her first ever visit to a public house yesterday when she dropped in on regulars at the historic Bridge Inn in Topham, Devon, in south-west England - and left with a crate of beer to take home. The visit to the 900-year-old pub was arranged after Buckingham Palace officials spotted the Bridge Inn's page on the Internet. They were so impressed with its traditional, village pub image that they contacted landlady Caroline Chiffers-Heard and asked if they could bring the Queen, as part of her tour of the region. Mrs Chiffers-Heard

## PRE-SCHOOL EDUCATION

### Free start for 4-year-olds

Almost all England's 650,000 four-year-olds will have access to free pre-school education from September, the government announced yesterday. Ministers also signalled their intention to unify the regulatory regime for pre-school education and day care services, by launching a consultation process on ways to better regulate both sectors.

David Blunkett, education and employment secretary, said that every local education authority except one will meet the government's target of providing free nursery places for every four-year-old whose parents want one by September. The news was widely welcomed by teachers' unions and pressure groups, though some indicated reservations. Simon Buckley, London

## WELFARE STATE

### Call to include poverty target

The government was yesterday urged to add a target for poverty reduction to the 30-odd measures of success it has set itself for the welfare state - and to make more timely the delivery of statistics by which its success will be judged.

John Hills, director of the Centre for Analysis of Social Exclusion at the London School of Economics, said several of the targets the government has set itself, including a reduction in the number of workless families, were welcome. But in spite of Frank Field, the minister for welfare reform, declaring the government's objective is to "lift people from poverty and dependence" the green paper "does not include explicitly a target for poverty reduction," he said. Nicholas Timmins, London

Government move shows reluctance to tender contract to build the high-speed rail line to Channel

By George Parker and  
Jonathan Ford in London

John Prescott, the UK deputy prime minister, yesterday gave the backers of the planned high-speed rail link from the Channel tunnel another two months to produce a scheme that guarantees the £5.4bn project being completed at the lowest possible cost to the British taxpayer.

Mr Prescott said London and Continental Railways had come up with new proposals requiring considerably less additional public subsidy than the £1.3bn figure rejected by the government in January.

But he said there needed to be further negotiations to reduce the cost to the taxpayer, to switch more risk to the private sector and to guarantee the eventual construction of the entire 68-mile link to London.

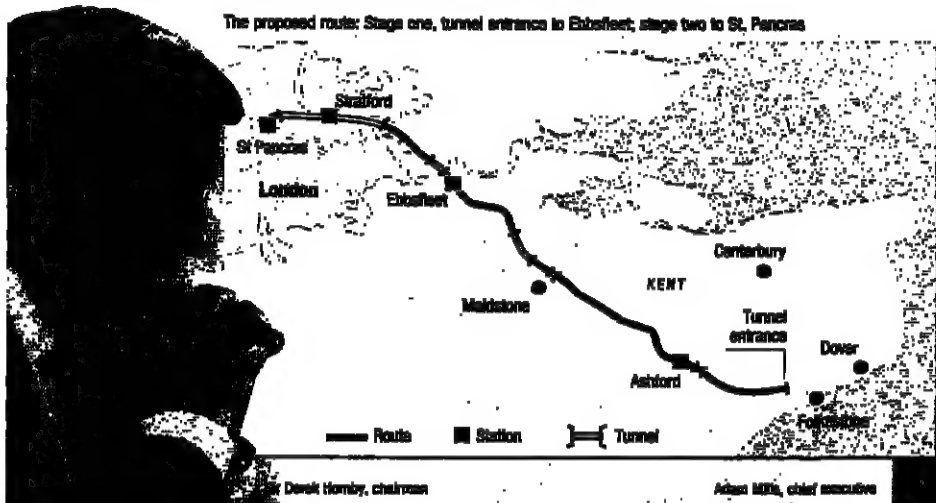
The proposals do not yet meet the government's requirements, a view accepted by LCR and by Railtrack.

LCR had been given until the end of this month to come up with a new financing package to build the high-speed link.

Its first attempt fell apart in January when the government rejected its request for additional subsidy on top of the £1.8bn already agreed.

LCR has been preserved as the vehicle for a rescue because any attempt to award the concession to another company would

Still trying after all these years: LCR has two months to produce a deal



require the project to be publicly tendered.

A crucial factor in Mr Prescott's ruling is understood to have been the decision of Sir Derek Hornby, chairman of LCR, and Adam Mills, its chief executive, to agree to resign in July if the rescue plan goes ahead.

In a written answer to the House of Commons, Mr Prescott confirmed that LCR had come up with proposals to build the railway line in two separate stages with financial assistance from Railtrack, the company that owns and operates the UK's rail infrastructure.

But he is concerned that LCR might build only the cheapest part of the link - as far as Ebbsfleet in Kent - while never completing the expensive tunnelling work needed to take the line through east London to St. Pancras station.

However, problems have arisen with the second, more expensive phase from Ebbsfleet to central London. Rail-

track has only offered to take an option to acquire this phase, leaving open the possibility that it might not be completed.

Mr Prescott's officials at the Department of the Environment, Transport and the

**Concern remains about completion of the expensive tunnelling needed to take the line all the way to London**

Regions, who met LCR and Railtrack representatives last week, will now spend the next two months trying to hammer out an agreement to ensure the route is completed, with the private sector bearing the maximum cost and risk.

LCR believes that an incentive plan - whereby Railtrack could receive a

higher return from its investment for assuming the risk of financing the phase - would eliminate the risk that it would not be completed.

The deputy prime minister is also understood to be concerned about LCR's suggestion that the second phase of the link might not be built for another 10 years - five years later than the original completion date in 2003.

It also emerged that LCR's rescue plan proposes to award the contract to operate the Eurostar train service between London, Paris and Brussels to a consortium involving National Express, the coach and rail group, British Airways and SNCF, the French state-owned railway operator.

It was Eurostar's inability to generate sufficient revenues on its London-Paris and London-Brussels routes that soured LCR's bid in January.

LCR has swung behind the consortium's proposal to

manage the service under contract. This would involve agreeing revised revenue targets for the Eurostar service. To the extent these targets were exceeded, the consortium would receive a share of the upside.

But if they were not met, the consortium would be forced to reimburse part of the shortfall to LCR.

Richard Branson's Virgin Group, which is also seeking to run the service, has made separate proposals to the government about the service.

Mr Prescott's willingness to give LCR a two-month extension in drawing up a rescue plan indicates his belief that a deal can be struck. "They have moved considerably towards our position," said one government official.

LCR said it welcomed the statement and was "working hard with Railtrack and others to achieve the further improvement that the government are seeking".

## PARLIAMENTARY STANDARDS

## Minister may be rebuked over Swiss EDM link

By David Wighton,  
Political Correspondent

Geoffrey Robinson, the paymaster general, a Treasury minister, is expected to be cleared of charges by the opposition Conservative party that he failed to register directorships of a number of companies run by Robert Maxwell, the publisher, during the 1980s.

Sir Gordon Downey, the parliamentary commissioner for standards, is set to conclude that Mr Robinson did not break the rules for declaring interests because the directorships were not paid.

However, Sir Gordon is likely to rule that Mr Robinson should have recorded his chairmanship of Swiss EDM, the British subsidiary of a machine tools group, for which he did take a salary. Mr Robinson was chairman of the company from 1983 to 1985, but did not record it in the register of members' interests until 1987.

Last month, Peter Lilley, the shadow chancellor, asked Sir Gordon to investigate whether Mr Robinson broke parliamentary rules by not declaring directorships of Hollis, Central & Sherwood, Pergamon and Holcombe Holdings between 1988 and 1990.

Mr Lilley seized on the fact that several of the companies were linked with the late Mr Maxwell.

"The suspicion must be that Mr Robinson deliberately refused to inform the House of Commons of his business connections with a man he did not want to be

seen to be associated with," Mr Lilley said. He also pointed to the tough disciplinary action taken against Conservative MPs in the last parliament who failed to register business interests. Last year, Robert Wareing, the Labour party MP, was suspended from the Commons for a week for failing to record a business interest.

But Companies House records show that Mr Robinson did not take a salary in the relevant period from any of the companies listed.

Roger Willoughby, the registrar of members' interests, yesterday confirmed that until 1992 there was no requirement for any unpaid directorships to be recorded. In the case of Swiss EDM, by contrast, the records show that Mr Robinson did take a salary.

But the fact that he did record the chairmanship from 1987 might allow Mr Robinson to argue that the omission was an oversight.

It is thought unlikely that Sir Gordon, or the Commons standards and privileges committee to which he reports, would take a hard line on one lapse 10 years ago. However, any further rebuke would be embarrassing for Mr Robinson.

In January, the committee backed a report by Sir Gordon which criticised Mr Robinson's failure to register controversial offshore trust of which he is a discretionary beneficiary. Sir Gordon concluded that while Mr Robinson had not broken the letter of the rules it "would have been better" if the interest had been registered.

## Victory for US boxing promoter

By John Mason,  
Law Courts Correspondent

The first round of the bruising legal fight between two of the most powerful men in world boxing, impresarios Don King and Frank Warren, ended yesterday with US promoter scoring a lucrative victory in the High Court.

A judge ruled that, following the acrimonious collapse of the two men's business partnership last December, Mr Warren must pay his US rival half the profits from many of his future fights. With these involving top boxers such as world feath-

erweight champion Naseem Hamed the ruling is set to cost Mr Warren several millions of pounds on top of the £1m (£1.67m) legal bill he has already run up.

From the start, the clash between the two has been fuelled by as much ill-feeling and bitterness as any brawling grudge match inside the ring. Yesterday proved no exception. After the court hearing, the two men disputed what effect the ruling would have on Mr Warren's career.

Mr King's spokesmen argued that the American would now have considerable control over which

fights Mr Warren can arrange - a claim strongly disputed by the British promoter.

Mr King also issued a forceful statement attacking Mr Warren and promising to become more involved in British boxing. "For the first time in years, the future of British boxing looks bright," he said. "For too long, British boxing has been dominated by Frank Warren."

Other, more colourful, allegations in his statement immediately prompted Mr Warren to issue a libel writ against the American.

Mr Warren also pointedly drew attention to Mr King's

other current legal difficulties which include his prosecution for an alleged insurance fraud against Lloyd's of London and a multi-million dollar lawsuit launched by former world heavyweight champion Mike Tyson.

Yesterday's row centres on the partnership the two men began in 1984. Supposed to give each of them access to the other's markets, the venture soured, with Mr King alleging Mr Warren failed to produce accounts. Mr Warren claimed that the American had failed to promote Hamed properly in the US. Mr Warren is to appeal against the ruling.

## Riverside reflections on a life spent mixing gin with water

Former custodian of the Beefeater brand tells Michael Wale about his passion for rowing and links with today's Boat Race

Today's University Boat Race - the 144th in an almost unbroken series - will be the end of an era for Alan Burrough, 81-year-old coyen of the gin dynasty. For the first time for more than 50 years, he will watch the race from an armchair in his Henley home on the river Thames, rather than from his habitual seat in the Cambridge launch following the boats.

Meanwhile, the event itself is seeking a replacement for Beefeater, the one-time family brand that has sponsored the race for the past 12 years.

It is no coincidence that the French windows of Mr Burrough's spacious lounge overlook the finishing line of the Royal Henley Regatta. Rowing has been a passion for him since he first represented his school, St Paul's, at Henley in 1934.

It was thanks to the row-

ing connection that he finally went to university after a stint working at Schweppes. Freddie Page, his rowing master at St Paul's, was captain of the Thames Rowing Club at Putney and also taught Latin. When Mr Burrough joined the club, Mr Page gave him the extra lessons he needed to pass the Cambridge entrance exam.

Alan Burrough rowed in three Boat Races, losing twice but winning in 1939. "We had a length's lead after a minute," he recalls. "Oxford were firm favourites that year. In the end we won by about four lengths." The three oars that he rowed with still hang from his study walls, along with five of his Jesus College blades.

The race was a huge event before the second world war, he says. "The banks of the river were lined with people. You would find vendors sell-



ing light and dark blue favours all over London, not just at Putney."

After the war, in which he lost part of a leg, Mr Burrough rowed regularly at Henley, and in 1949 he was a losing finalist in the Silver Goblets pairs competition.

He also found time to run the Boat Race from 1951 for 15 years. "I only had one bit of trouble, and that was the first year when Oxford sank, and I had to rearrange the whole thing for the following Monday. I didn't get much co-operation from the Port of

London Authority. Otherwise all went well." In the meantime, he had joined James Burrough, the family business founded by his grandfather in the 1850s. Beefeater, the company's main brand, flourished as Mr Burrough, put in charge of overseas sales, found a market for it in the US.

"A taste came in for a very dry martini cocktail," he says. "Our gin fulfilled a need, so we built a very large export trade. Eventually we became the largest gin exporter in the world."

When he retired in 1982, he had been chairman for 14 years. In spite of travelling the world, he admits to organising his diary to be in England for both the Boat Race and Henley.

It was partly on his advice that Beefeater took over sponsorship of the Boat Race. It cost £100,000 (£167,000) a year - a large sum in those days. In 1989, the Burrough family sold the company to Whitbread; the brand is now owned by Allied Domecq.

This year's final Beefeater sponsorship stands at £200,000, with about the same again spent on marketing and promotion. The company says it is "receptive" to alternative events offering a broader international impact.

Unusually, the brand also owns television rights to the race outside the UK, and makes sure it receives wide international coverage; the £140,000 the BBC pays to show the event is split equally between the two university rowing clubs.

Nowadays, the crews train very seriously. Looking back, Mr Burrough says: "We thought we were training an awful lot, but we didn't. We used to do about 50-60 miles a week on the water, but virtually no land training. I can't remember, but I'd say we'd have a couple of ales as well."

Which is exactly what he plans tomorrow night. He may watch the race on television, but he plans to travel to the celebration dinner... for a Cambridge win.



## FINANCIAL TIMES

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Saturday March 28 1998

## The limits of thrift

The British government's plans for welfare reform, published on Thursday, have been roundly criticised for their lack of detail. Yet the green paper, whose chief author was social security minister Frank Field, contained a number of important messages. One central theme was that Britain needed more welfare, not less, and that the private sector would have to play a greater part in financing its future growth. Mr Field's long-held enthusiasm for funded stakeholder pensions is an example of the new thinking.

It is, at first sight, rather odd that Britain should be in the vanguard on this score. Pensions, the biggest item in the social security budget, are likely to become a bigger burden as a result of the ageing of the population. But the number of elderly people is set to increase more slowly in the UK than in continental Europe. One recent academic study put the present value of net UK public pension liabilities at 5 per cent of gross domestic product compared with more than 100 per cent for Germany and France.

Moreover, the starting point in Britain is relatively favourable. The Organisation for Economic Co-operation and Development projects that UK public spending this year will amount to 39.4 per cent of GDP, compared with 47.2 per cent for Germany and 53.9 per cent for France. That is a measure of how much greater the demographic pressures will be in continental Europe.

What is clear is that there is growing interest everywhere in shifting from pay-as-you-go state provision, in which pensions are paid out of the current contributions of the workforce, to funded pensions, where people put money aside to provide for their own pension when they retire. What would this mean for people and for markets?

## Personal pensions

The British system of public and private partnership in pensions is, for all its merits, something less than a beacon for the rest of Europe. State provision is miserly and will become more so thanks to the changes wrought by the Thatcher government in the 1980s. Personal pensions are expensive, especially for the lower paid, and in the past have been subject to inadequate regulation. Occupational schemes, mainly paying benefits related to final pay, have been ill-designed to cope with high inflation. Overall, the system, like that of the US, delivers a high degree of income inequality in retirement.

Many continental European countries, in contrast, have very generous unfunded state pensions which ensure less inequality in retirement. Yet the generosity results from setting contribution rates that are inadequate for the future. And the low reliance on funded pensions means that capital markets are under-developed.

Since privatisation, continental European equity markets have grown. But the ownership structure is unbalanced. Up to 50 per cent of some leading French and German companies is now owned by foreign investors. These are mainly from countries such as the US, Britain, the Netherlands and Switzerland, where funded pensions are the norm.

## Public finances

Despite all the talk, a big shift away from pay-as-you-go will take considerable time. There is no political constituency for change, so any movement will have to come as a result of fiscal crisis. It remains to be seen whether the fiscal pressure imposed by the Maastricht treaty, which has led to some modest reduction in pension rights, will be maintained.

While such a shift might help public finances, it is questionable whether countries can save their way out of demographic problems. Regardless of how pensions are financed, a smaller workforce will have to share real resources with a larger elderly population. And there is no obvious correlation between countries with funded pensions and a high level of growth-inducing savings and investment. There is a risk, too, that more funding could create a stock market bubble that would collapse when ageing caused pension contributions to dwindle. The Holy Grail of simple, cheap and secure stakeholder pensions may prove elusive.

The ability to earn above-average returns in the emerging markets could help relieve the demographic strains. But this assumes no backlash from globalisation. Asians may feel that bailing the developed world out of its demographic problems is a sensible quid pro quo for retaining access to its markets. But there again, they may not.

Perhaps a move to funding will help provide a more legitimate division of resources between young and old. But in pensions there are no perfect solutions. And even funded pensions are not immune from the predatory state - witness the Labour government's proposed abolition of the UK dividend tax credit. In the present climate of thrift is undeniably a virtue, but the rewards remain tantalisingly incalculable.

When you walk into the glossy Continent hypermarket at Mondeville, just outside Caen in northern France, the first thing you notice are posters of the latest special offers in food or clothing - with prices marked in euros as well as French francs.

The euro figures are no more than guesses. But those posters symbolise perfectly the event that took place this week, as two official reports confirmed that 11 countries are eligible for membership of European economic and monetary union. Emu is now almost certain to go ahead from January 1 1999. Only formal approval at the May 2 European summit stands in the way.

The posters, with their guessed-at prices, reflect both the essentially prosaic nature of the process (surely the exact denomination in which you pay for your cheese cannot be that important?) and the blind stab at the future that Europe is undertaking.

The reports this week - from the European Commission and the European Monetary Institute, forerunner of the planned European Central Bank - concentrated on the prosaic bit. They assessed the "sustainability" of the convergence process between the likely Emu members in extremely narrow terms. But how far will governments be able to continue to meet the Maastricht criteria for entry once the immediate pressure to qualify is past? And how successful will the German-inspired stability pact be, with its even tighter limits on government borrowing?

These are not trivial issues. But they are dwarfed by the broader, still unimaginable, consequences of Emu.

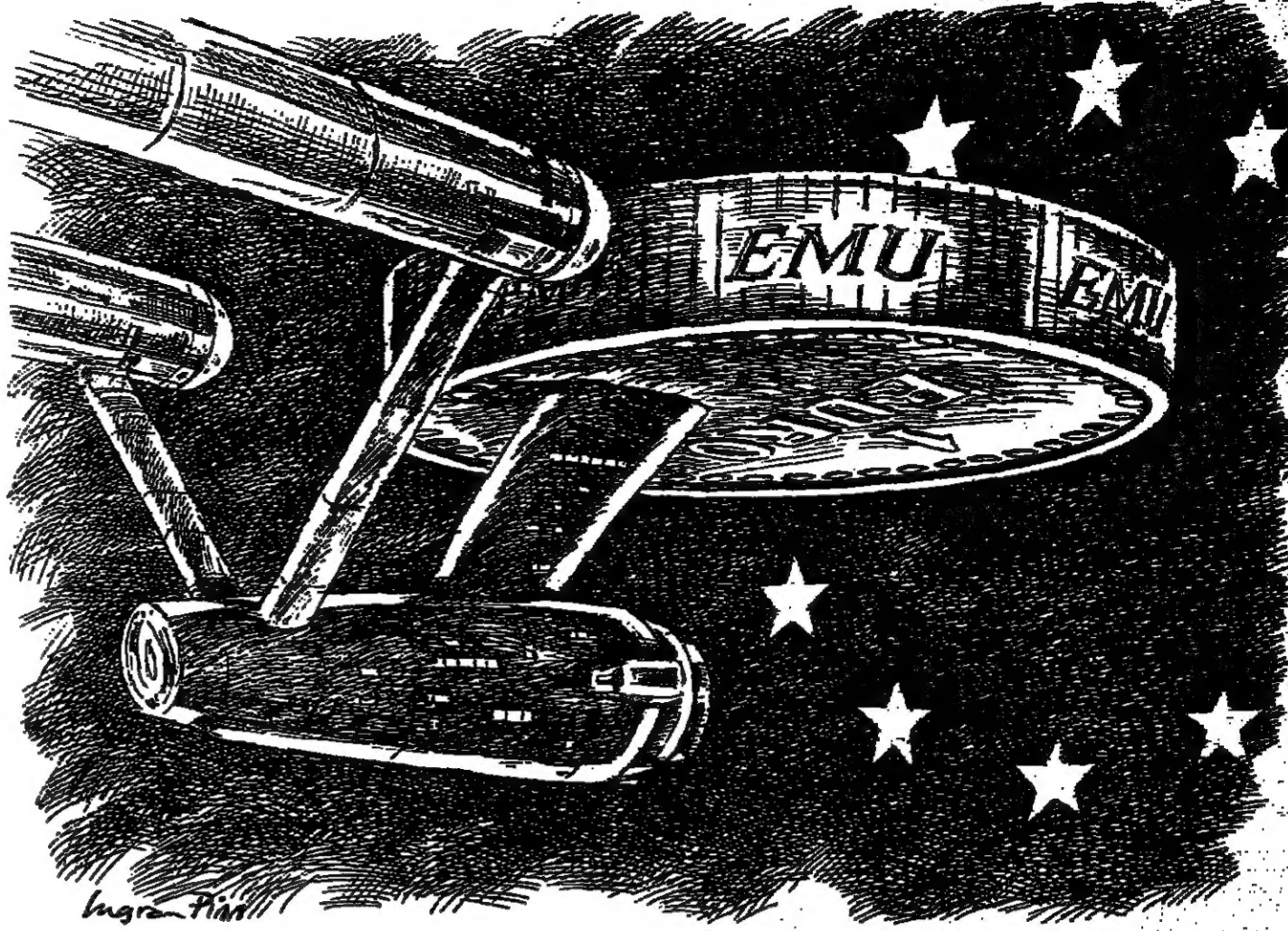
From the moment Emu is a certainty, two powerful and immediate consequences flow. A shift to a new Europe-wide monetary policy and the creation of a single, integrated capital market. And from the moment euro prices become the norm - officially in 2002, but possibly sooner if the Caen hypermarket is a guide - the third immediate consequence ensues: the completion of the European single market, with effects on business that most companies and investors have yet to grasp.

Because it will be set on the basis of economic conditions in many countries, not just one, interest rates will oscillate less than before. But because the preponderant weight in decision-making will be given to the countries of the slow-growing Franco-German core, it will be laxer in peripheral countries such as Italy, Ireland and Spain than would otherwise have been the case. There will be a sustained boom in these regions - at least until their costs render them uncompetitive.

Until now, German companies or French institutional investors have had at the back of their minds the notion that attractive

## Europe boldly goes

Two seemingly prosaic reports on Emu this week commit 11 countries to an exhilarating, yet frightening, experiment, says Peter Martin



opportunities in the peripheral countries might be offset by a subsequent adjustment of foreign exchange rates, which might render them less appealing. That fear will now be banished. There is little to be lost - and much to be gained - from switching investment from the core to the periphery.

The common monetary policy will also contribute to the creation of a single, closely integrated capital market. A common currency, and a newly harmonised set of market conventions thanks to many months of painstaking work by bankers and bureaucrats - will create a single pool of capital. The greater liquidity this provides will make it easier for private-sector borrowers to issue debt - including "junk bonds" from companies that until now have had little access to cross-border capital.

Similar changes will take place in the equity markets, as the euro confirms the emergence of a superleague of about 300 European companies. Even if stock exchanges continue, for the time being at least, to operate on national lines, that will have little impact on these companies. Their share prices and accounts denominated in euros, their tax treatment increasingly common, their corporate governance model by US shareholders, these companies will look much more like each other than like their smaller national siblings.

Unfamiliar pan-European indices such as Eurotop or Stoxx will replace the familiar Dax, CAC and FTSE 100 indices. For financial institutions, especially, the competitive pressures are likely to produce a wave of mergers, first among banks (which will lose revenue from foreign exchange trading and underwriting local-currency equity and bond issues), then among insurance companies and other retail financial services groups.

Financial markets will be quickly integrated. Consumer goods markets will take longer - because the final moment for retail prices to shift to the euro is not until 2002. But once prices are all set in the new currency, consumers will be able to see more clearly - and punish more effectively - those companies that are attempting to keep prices at different levels in different markets. This process would normally be a slow one. But the shift to euros will have a galvanising effect on consumer attitudes, especially because of the need to adjust "price points".

Manufacturers' prices usually differ from market to market - FF9.99, for example, or DM299. Translated into euros, those prices will lose their appeal. There will be big rewards for companies that quickly adjust all their products to new, Europe-wide price points. That may mean changing, and harmonising,

product specifications and packages.

This will create dire pressures on companies to push prices downwards. They will be helped in their hunt for lower costs by the absence of currency barriers, making it psychologically and practically easier to purchase from the far reaches of the euro zone. Companies failing to seize these opportunities will find themselves victims of the take-over wave that will spread from banks to manufacturing companies.

These are all the immediate effects of Emu. They will be clearly visible in the early years of the next century. But the second-order effects will be even more powerful, if a little delayed.

They can be summed up in a single phrase: the growing irrelevance of national boundaries. Cultural boundaries, regional boundaries, ethnic boundaries may well be strengthened in reaction to the growing homogenisation of the European Union. But national boundaries, the boundaries of statehood, will be progressively less important. As national economies become integrated within the euro-zone, it will be less and less relevant to use them as a frame of reference. Some companies in Spain will do well, others do badly. So what? That tells us something about individual managers, industries, styles of business. But it tells us little else of value.

National statistics will capture

ever-less important facts. Government spending, constrained by the stability pact and the ease of business migration across national boundaries, will differ less between countries. Tax policies will be brought into line by European peer pressure. France will still be very different from Finland - but Louisiana is very different from Vermont.

The process of integration will not be smooth. Growing tensions - between companies, between governments, between organised interest groups - will threaten to blow the union apart. Such fissures will be greatest if France and Germany prove unable to cope with competition from the periphery, and unemployment continues to rise in the core of the euro zone. But if Emu does not collapse - and there is an outside chance of that - the processes required to find a solution will enormously strengthen the European entity.

That is the future to which this week's two reports committed Europe. It is both exhilarating and frightening. It is hardly surprising that those nations least anxious to submerge themselves in the emerging European polity - the UK, Denmark, Sweden - are hanging back from Emu. But for those countries committed to the process, Europe's future is already under way. You have only to go to Mondeville to discover that.

Peter Martin is FT.com

## LETTERS TO THE EDITOR

## Moral dilemma sidestepped

From Mr Anthony Parker.

Sir, What next, white-water rafting in East Timor? Helicopter skiing in Tibet?

In the Weekend FT you ran a travel piece, entitled "Burma and the moral dilemma" (March 21-22), describing the pleasures of a luxury cruise to Rangoon. In it, your sole reference to the politics of the country was the following line: "What conscientious objections that may have existed... were quickly dispelled by the smiles on the traders' faces."

If that is the FT addressing a moral dilemma, spare us.

To remind potential travellers of some unpleasant facts, Burma is a country where, in the election of 1990, the National League for Democracy won 392 out of 485

seats but was then denied power by the incumbent military government.

More than a hundred of the NLD's elected parliamentarians were subsequently imprisoned or forced into exile. The universities have been kept shut for the past three years to prevent dissident students meeting. The leader of the NLD, Aung San Suu Kyi, has asked foreign tourists to boycott the country.

You may be a believer in democracy and you may wish to visit Burma. That is a difficult position to reconcile. Your article side-stepped this issue completely.

Anthony Parker,  
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Bristol BS8 3DF, UK

## An emperor with no clothes

From Mr Ivor Kenna.

Sir, A year or two ago it was discovered that funds tracking the FTSE 100 often did better than expensively researched specialist funds. As a result, numerous funds began to track the FTSE 100 by investing in its constituent shares.

The effect of pumping all this money into FTSE 100 shares was to raise the price of them. This "proved" that investment in the FTSE 100 shares was a good idea. More money was pumped in. Share prices went up. And so on.

This supply and demand effect has been accentuated since events in south-east Asia. Money is now flooding into London from all over the world seeking a safe haven. Too much money is chasing

too few shares, in particular the FTSE 100 shares.

Apart from share price performance, there is nothing remarkable about the constituents of the FTSE 100. Yields are going down. The cash value of dividends is stagnant. Dividend cover is nothing to write home about. There is no reason to expect significant dividend growth. The FTSE 100 share price emperor has no clothes.

Am I alone in realising this? Will nobody buck the trend and get out of FTSE 100 shares? What does the actuarial profession, the conscience of the City, have to say?

Ivor Kenna,  
72 Compton Street,  
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## Management, not mass, is what matters

From Mr Nicholas Berry.

Sir, John Kay, in his article, "Gigantic misconceptions" (March 24), discusses the need for critical mass in different industries as though this was a sufficient justification for action.

It is "critical mass" rather than critical mass that matters. The presence of exceptional managers, compared with glibly-growth entrepreneurs, will decide between long-term success or failure, by getting the most out of critical mass.

The former group is rare, while the latter group is commonly found when share prices are high.

Nicholas Berry,  
chairman,  
Stancroft Trust,  
Bride House,  
20 Bride Lane,  
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UK

From Mr Andrew Campbell.

Sir, John Kay's trilogy on size provides evidence that bigness is no ticket to survival, that large companies are not gaining share of the economy and that success begets size, not the other way around. What he fails to explain is why size can be a disadvantage or when size is good.

The problem of size is diversity. A large company operates in more products, more technologies and more markets than its smaller rivals. The large company gains from economies of scale in fixed cost areas, like overhead, but loses out from having insufficient understanding of some products or markets to be a wise decision maker.

It is clear that quite small weaknesses in understanding can have very big costs, often far outweighing any economies of scale.

Large companies try to reduce

the costs of diversity by decentralising. This helps but doesn't solve the problem. Even in the most decentralised company, the corporate CEO remains influential on some crucial decisions - appointing the business heads, agreeing performance ambitions, arbitrating intra-company disputes - and often has influence way beyond these. The only complete solution to the cost of diversity is demerger or break-up. Explaining why getting small is becoming as popular as getting big.

Size, therefore, is good so long as it does not weaken top management's understanding of the company's products, markets and technologies.

Andrew Campbell,  
director,  
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## Never mind the quality, just marvel at the spectacle

From Mr Edward M. Graham.

Sir, Re Oliver Morton's article, "The technology of Magic" (March 24), the granting of the Academy Award for best motion picture of the past year to *The Titanic* is the ultimate triumph of the visual generation. This generation demands no plot, no characters, indeed no logic in a motion picture. Rather, all weight is placed on visual quality. Visual quality is not tied to realism, of course - one doubts that anyone had to run from cascading walls of water when the real *Titanic* actually sank. Visual quality means visual effects must be spectacular, and *The Titanic* more than meets this test.

Defenders also point out the quality of the sets, costumes, and music of *The Titanic*. I agree that all of these were well done. However, the screenplay was insipid and the acting weak. Even those who defend the film readily admit this.

Everyone's favourite whipping-boy is Leonardo Di Caprio. The academy was wise to nominate him for nothing, and his failure even to attend the ceremonies was a testament to the immaturity that was so evident on the screen. But the failures of the movie were not his alone. Most of the characters were wooden and unconvincing.

To call this movie the best of

the year because it provided us with a visual feast is akin to awarding best novel of the year on the basis of cover design and quality of printing and paper. That *The Titanic* failed the critical tests was, in fact, acknowledged by the academy itself: the movie failed to win any of the best actor or actress awards, just as it failed to achieve an award for best screenplay or adapted screenplay. How *The Titanic* could nonetheless be the year's best motion picture is beyond credibility.

Edward M. Graham,  
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## Weakness of euro recognised

From Mr R.W. Leon.

Sir, A chain is only as strong as its weakest link. A strong euro therefore is not possible if Italy is included. Europeans recognise this, and sterling, with a yield of 7 per cent, which also appreciates in value, is a much more attractive investment than an Emu currency with a yield of 5 per cent, which will decline in value internationally when it becomes part of the new euro.

There is nothing the chancellor or the governor of the Bank of

England can do to stop the rise in sterling against European currencies until after the next general election, when it may become apparent that Tony Blair and Gordon Brown intend to take sterling into the euro. Until then, let us enjoy our cheap holidays in southern Europe.

R.W. Leon,  
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Isle of Man IM4 4HB

## Bank on a housing-induced crisis

From Mr Mark Stephens.

Sir, The attention paid to housing reform in the construction of a functioning market economy is welcome. But you greet China's apparent rush towards owner occupation without the necessary caution ("China's premier pledges a nation of homeowners", and leading article, "A nation of homeowners?", March 20).

You suggest that the policy is motivated by the wish to take the heat out of the equity market, and as a means of shoring up the banking system. These are surely the wrong reasons for adopting a housing tenure policy, and ignore the contribution developed market rental systems can bring to

labour flexibility. Further, the expansion of mortgage credit required "to allow low-paid state employees to buy their homes" is quite likely to create an unsustainable house price boom.

It does not take a particularly vivid imagination to envisage a subsequent housing bust, when falling nominal prices will undermine the security offered by housing and result in a banking crisis.

Mark Stephens,  
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## Moral authority of the president

From Mr Allen Wong.

Sir, I refer to Joe Rogaly's comments on Bill Clinton in his column "Feathers unruffled by fowl behaviour" (March 21-22). The president is the top law enforcement officer in the US. If he does not uphold the rule of law in his

personal behaviour, he loses the moral authority effectively to perform that function.

Allen Wong,  
43 Locher St.  
San Francisco, CA 94134, US



MAN IN THE NEWS SERGEI KIRIYENKO

## Geek in the Kremlin

Boris Yeltsin's nomination for prime minister could usher in a new era in Russia of apolitical technocrats, writes **Chrystia Freeland**

Boruly as a bear, and just as intimidating, President Boris Yeltsin yesterday morning lumbered through the White House, the seat of the Russian cabinet. Trotting expectantly at his side, Sergei Kiriyenko looked as meek as a kitten. Yet it is Mr Kiriyenko - balding, bespectacled and with a pleasant word never far from his lips - whom Mr Yeltsin yesterday guided into the prime minister's plush office as his chosen candidate for premier. And with this unorthodox choice, Mr Yeltsin has passed the baton not just to the 35-year-old Mr Kiriyenko, but to a generation of younger, blander, technocrats.

After six years of cabinets characterised by a tug-of-war between stolid Soviet-style apparatchiks and confrontational, revolutionary reformers, the Russian leadership seems to be opting for a "third way" of professional, apolitical politicians. The turbulent era of market-reformers vs communists is over. The reign of the geeks has begun.

"Kiriyenko is a new man in power... he is what we call a technocrat, a specialist manager," Mr Yeltsin declared in a radio address yesterday. "He is a man unconnected with any parties or movements, but at the same time he knows how to talk to everyone."

Mr Yeltsin's assessment of his acting prime minister's

pleasing personality and chameleon-like politics is borne out by the almost universal flattery Mr Kiriyenko has attracted. Barely known outside the energy sector four days ago, Mr Kiriyenko is suddenly everyone's best friend and closest ally.

Both radical reformers and the financial magnates who despise them have lavished Mr Kiriyenko with praise. Headstrong regional bosses, with little affection for the central government, have nodded their approval. Even the court jester of Russian politics, Vladimir Zhirinovskiy, appears to be a fan.

Much of this flattery may be the pragmatic sympathy with which Russians traditionally greet a new chief. But Mr Kiriyenko's background, as well as his statements this week, suggest he may indeed be a skilled mediator, capable of finding allies in feuding political camps.

Mr Kiriyenko entered federal politics last year as part of Boris Nemtsov's team, when the former provincial governor came to Moscow to serve as first deputy prime

minister. In the capital, Mr Nemtsov, together with Anatoly Chubais, the ousted first deputy prime minister, spearheaded a radical reform drive. Russia's aggressive "young reformers" still consider Mr Kiriyenko one of their own.

"I have a very high opinion of Kiriyenko," enthused Alexei Kudrin, first deputy minister of finance and a self-professed member of the Chubais team. "I am ready to vote for him with both hands."

Mr Kiriyenko may have come to town on the coattails of the young reformers, but he quickly learned how to dance with Russia's other power-brokers. As minister of fuel and energy, he dealt directly with Russia's powerful oil barons and financial magnates. They seem to have been uniformly contented with the experience.

Perhaps most remarkably of all, Mr Kiriyenko has also managed to extend an olive branch to the communists. Their support is crucial if he is to win the parliamentary approval he requires to be confirmed as prime minister.

His background helps. He joined the Communist party as a student, and later went on to work full time as a Communist Youth League official. Many other free-market reformers have shared Mr Kiriyenko's communist past. But, unlike the first generation of reformers, the new minister has not disavowed his previous convictions.

"At home I still have my party card," he said in a television interview this week. "I am not ashamed of that part of my life. I sincerely believed in those ideas."

For a Nemtsov protégé, this courtesy to communism is a clever manoeuvre. Coming just four days after he was thrust into the political limelight, it suggests a true instinct for diplomacy. "For the time being, it is a very strange situation: everybody is supporting Kiriyenko," says Vladimir Potanin, a leading industrialist and former cabinet minister.

Some of Russia's battle-scarred reformers view Mr Kiriyenko as a kinder, gentler advocate of free markets. "I think Chubais realised there are such strong emo-

tions against him, it was very hard for him to be effective in government," says Anders Aslund, a western economist and a Chubais ally. Mr Aslund argues that Mr Kiriyenko was hand-picked by the older reformers in the hope that his "niceness" would prevail where their abrasiveness failed.

But Mr Kiriyenko's agreeableness also lends itself to a darker prediction: that he will cave in to vested interests. The Kremlin's nominee has negligible political experience and by any standards other than those of Russia, his business background is equally meagre: a couple of years with a start-up regional bank, and barely a year running an oil refinery. "His résumé is completely thin. He looks like Bambi. I don't think we'd give him an interview as a tea-boy," says a senior executive at a western bank in Moscow.

That inexperience has prompted some observers to fear that, far from giving reforms a push, the acting premier will be unable to stand up to Russia's power-

ful magnates. That could lead to inertia or worse.

Whatever the performance of Mr Kiriyenko, the real master of the situation remains Mr Yeltsin. By dismissing his own government, the Kremlin chief has yet again reminded Russians who is boss. Muscle-flexing aside, the nomination of Mr Kiriyenko has allowed Mr Yeltsin to indulge in what must count as his political philosophy: rolling the dice. Unknown and untested, Mr Kiriyenko opens up a number of new scenarios with which the president may now gamble.

Perhaps Mr Kiriyenko will succeed in ushering in an effective but conciliatory era of government. For Mr Yeltsin, that would be no bad thing. But maybe the new minister's diplomatic skills are over-rated and he will fail even to be confirmed by parliament. That, too, may serve Mr Yeltsin, who has the right to dissolve the legislature - and roll the dice again - if it persists in rejecting his nominee.

Or maybe, Mr Kiriyenko will just muddle through, winning a grudging parliamentary endorsement and assembling an inoffensive, but ineffective cabinet. That may suit Mr Yeltsin as well. It would leave him as the highest tree in the Russian forest and as the man who - for the good of the country, of course - may be forced to assume the burden of a third presidential term.

Indonesia has 200m people. If just 1% per cent of them were to flee the economic crisis at home, the result would be conflict and violence across the region.

Just how violent can be seen from recent savagery in Malaysia. Indonesian refugees wielding barb-wired clubs and swords carved from iron fence-posts fought a pitched pre-dawn battle with Malaysian police who had been forcibly attempting to deport them.

One Malaysian corporal was hacked to death and eight immigrants killed in the hand-to-hand fighting that followed; 27 policemen and an unknown number of immigrants were injured. When it was over, police riot shields littered the ground.

The melee marks a new phase in the east Asian crisis. First the troubles were economic and financial. Then political and social consequences began to appear, but still compartmentalised, with each country tending for itself. Now, with thousands of Indonesians fleeing unemployment, price rises and hunger, the crisis has assumed international proportions.

Fearing a huge wave of refugees, Malaysia and Singapore have responded by intensifying efforts to reinforce their borders. Malaysia is using a high-tech radar system to detect immigrants on the high seas. It regularly conducts midnight raids on squatter villages to arrest those there it catches. In one case, it also caught the local businessman who employed

## Asia's new boat people adrift in the storms

Sheila McNulty looks at the implications of the violence that has surrounded the rising number of Indonesian refugees

the illegal immigrants.

The greatest worry among the authorities in these two countries - whose borders with Indonesia are the most vulnerable - is an increase in crime. They fear that the regional economic slowdown which is affecting them too will make it impossible for immigrants to find work when they arrive. This, they fear, could force the refugees to turn to robbery to survive.

It is only about an hour by boat from Indonesia (national income per head: roughly \$850) to the nearest point in Singapore (income: \$20,000). And Malaysia, with its long and unmanageable coast, is even more exposed. It has been harder hit. More than 10,000 Indonesians are now in Malaysian camps. Thousands more are thought to be in the country. And perhaps as many as 10,000 more could be arriving every month.

This explains why the authorities in the recipient countries are now tightening their grip on the illegal Indonesian immigrants whom they have tolerated - in far smaller numbers - for years. Malaysia has pledged to deport 10,000 a month as the



An Indonesian boy in Malaysia waiting to be deported. Picture: AP

inflow continues. The police seem to have felt no qualms about using brutal force to suppress Thursday's attack.

That attack was not an isolated incident. Rather, it was part of a number of co-ordinated protests by Indonesian detainees in three camps - protests that it has taken 3,500 police to suppress. In a fourth camp, 1,188

Indonesians escaped, though the authorities rounded up most by nightfall.

The tactics of those running the camps have caused widespread concern. Amnesty International and opposition politicians are questioning the level of force used by Malaysian police to subdue the protest in the Semeniyh detention camp

near Kuala Lumpur. They also fear that political refugees belonging to an independence movement from Indonesia's Aceh province might have been among those sent back. The UN High Commissioner for Refugees asked for access to the camp.

The Aceh movement has accused the Malaysian authorities of deliberately targeting its people. They say that officials have poisoned food to render prisoners unconscious, while elite riot police and dogs attacked them with automatic gun fire.

Malaysian police dismissed the charges, insisting they tried to get the immigrants to co-operate peacefully. "Instead of submitting to the authorities, they preferred a confrontation," said Abdul Rahim Noor, inspector general of police. "They were prepared to die."

The Indonesian government, well aware that its problems are now affecting its neighbours, was cautious in its reaction, expressing regret over the riot but adding that Indonesia and Malaysia had been working together to overcome the immigrant problem. Indeed,

Indonesia sent naval vessels to help in the deportations.

With so many illegal immigrants in Malaysia, Lim Kit Siang, Malaysia's parliamentary opposition leader, notes that any "indiscriminate use of force" can create grave social and security problems in the country.

This fact brings the acuteness of the Asian crisis home to Malaysians in a way that no bank run, stalled memorial project, or even price rise, ever could.

"Indonesia looms large on the horizon and people are very concerned about developments. If tens of thousands come, can you imagine the social ramifications? It's going to be a terrible strain on our resources," says Chandra Muzaffar, a Malaysian political science professor. "It is a colossal human tragedy in the making." The surest way to head it off, says Daim Zaiduddin, economic adviser to the Malaysian government, is to stabilise the Indonesian economy.

That seems a long way off. In the meantime, Asia's new boat people will continue to take to the seas. Mr Abdul Rahim hopes the authorities' repression of the revolt will at least warn those who consider resisting deportation to think again: "They run the risk of getting involved in this ugly confrontation with the police."

As unsettling as that sounds, it is unlikely to be much of a deterrent to those among Indonesia's 200m people fighting for their very subsistence in the region's worst crisis in at least a decade.



Flying off: Andy Grove (testing a virtual glider) Picture: AP

## Not a Grove in the Valley

Louise Kehoe on the generational shift marked by the Intel chief's departure

Silicon Valley doesn't look back. It is where the future is made. Yet even the Valley has its historical moments, and one has just happened. Andy Grove is stepping down as Intel's chief executive. In May, he will hand over the reins of the world's largest chip-maker to Craig Barrett.

Mr Grove has become the symbol of a generation of entrepreneurs who founded the Valley's most important companies. His public appearances draw huge crowds. His lectures at Stanford University are chock-a-bloc with keen young students. His books on corporate management have been bestsellers.

For the past 11 years he has been Mr Intel, the company's good-humoured public face as well as its demanding internal chief. Since he took on the top job in 1987, Intel has grown from annual revenues of \$1.9bn to last year's record \$25.1bn. "Without Andy Grove, Intel might have been a less intense, more friendly company, but it would also be a smaller, less profitable company," Gordon Moore, Intel founder and Mr Grove's mentor has said.

Today, hundreds of software, computer and new media companies are crowding into Silicon Valley. But it was Mr Grove and his peers who set the trend. Thus it was that no amount of careful planning could prepare Valley-watchers for this week's shocking news.

Mr Grove is not planning to disappear. He will stay on as a full-time chairman and wants to pursue "strategic" interests. But his retirement from day-to-day management marks the end of an era. He is the last of Intel's three founders - Mr Moore, chairman emeritus, and the late Robert Noyce, inventor of the microchip - to hold a management role.

Not much will change at Intel, Mr Grove insists. Mr Barrett was his chosen successor. But in the Valley, a lot has changed in the 30 years since Mr Grove and his colleagues broke away from Fairchild Semiconductor - the incubator for at least half a dozen new chip companies - to form Intel. Like other entrepreneurs of their era, the three saw themselves as rebels against corporate bureaucracy. They were determined to

show they could create a successful business without the customary trappings of management elitism. Most of all, they were out to prove that their technologies - undervalued by their employer - could change the world.

The latest generation of entrepreneurs is less rebellious. Although the new people are passionate about creating technology and technology applications, most are enthused more by the prospect of rich financial rewards than the opportunity to be their own bosses. While those of Mr Grove's generation generally shunned the trappings of wealth, their heirs have proved less shy when it comes to conspicuous consumption. Their taste in expensive houses has driven property prices sky high. "Money is the way we keep count" [of success] is the slogan of the new generation.

Mr Grove's reputation in this high-tech world is almost as remarkable as the success of his company in selling chips to the world at large. Intel chips are used in close to 90 per cent of all personal computers.

Microsoft has a comparable share of the world software market and this is one reason that its boss, Bill Gates, is so unpopular in Silicon Valley. Mr Grove has escaped that calumny partly because of his self-effacing humour. Intel has also played a big role in nurturing start-up companies in the Valley.

"When you have such a large chunk of the market, you carry the responsibility of feeding your own growth engine," says, over the past few years, Intel has fertilised the entrepreneurial process by investing in more than 100 start-up companies, making it one of the biggest venture capitalists in the world.

For all his achievements, Mr Grove's resignation comes on the heels of the company's recent warning that profits in the last quarter would be below expectations. Intel is also postponing completion of a new US production facility. These challenges will pass to Mr Grove's successor. But as he said himself when announcing the news of his departure, if he had delayed until everything were perfect, he would have been waiting for ever.

## Home thoughts from Africa

A big element of President Clinton's trip is US domestic politics, says **Mark Suzman**

What is President Bill Clinton's trip to Africa really about? Forging a new US diplomatic policy towards that continent, perhaps? Encouraging Africa's new generation of market-friendly leaders? Debt forgiveness?

Well, all of these things are significant. But as important as any of them is (surprise, surprise) US domestic politics, specifically, the politics of race in America.

This can be seen from the president's choice of the final stop in his African odyssey next week: a small rocky outcrop off the coast of Senegal. As he examines the holding pens on Goree island in Dakar harbour, one of the main centres of the 19th-century slave trade, Mr Clinton will directly confront the commerce in human flesh that brought the US its only group of unwilling immigrants

While he is expected to stop short of a full apology for slavery - for fear of leaving the US government legally liable to future reparations claims - the president plans to use the opportunity to try to assuage one of the most painful and enduring wounds in the African-American psyche.

By openly acknowledging both US complicity in the slave trade and responsibility for its legacy, he hopes to send a message that will resonate not only with his African hosts, but, more importantly, the 34m-strong

African-American community at home.

The notion that their unhappy, shared past history of slavery can be the foundation for a more fruitful future partnership driven by African-Americans - traditionally Mr Clinton's most loyal domestic political constituency - has been a central theme of the trip. For the US black community, making the historic journey to Africa the longest of his presidency is as much a validation of its own importance in US society as of Africa's place in the world.

**As he examines the holding pens on Goree island... Mr Clinton will directly confront the commerce in human flesh that brought the US its only group of unwilling immigrants**

"Jewish-Americans have always taken it for granted that the president visits Israel, or Irish-Americans that he visits Ireland," says Mel Foote, executive director of Constituency for Africa, a group working to improve US links with the continent. "But this is the first big presidential trip to Africa, and that's very important to the African-American community. Not only is it helping change the general misperception that Africa is a place where you're likely to be eaten by a lion if you want to do business, but it is strengthening the country's understanding of what mod-

ern Africa has to offer."

Notwithstanding Marcus Garvey's "Back to Africa" movement in the 1920s and a burst of enthusiasm in the 1980s, when the civil rights movement coincided with the first wave of independent black African states, US blacks have traditionally shown little interest in the continent of their ancestry.

But during the past 15 years, the struggle against apartheid in South Africa and the subsequent election of Nelson Mandela as president has helped engage the interest of a new generation

of black activists. And unlike the 1980s, many of these Africanophiles are now in positions of political and economic authority - as mayors, members of Congress and business leaders.

The point is underlined by the large African-American component in Mr Clinton's official delegation - including one-time presidential candidate and US envoy to Africa Jesse Jackson.

As one African immigrant to the US who has watched the evolution of local attitudes during the past 30 years observes: "Not only is the black community much more engaged in the

continent than ever before, but many of the people involved now have the political and financial clout to seek out genuine business opportunities and partnerships there."

Interest in Africa's history, arts, dress and music has also grown steadily. Many magazines aimed at the black US market run regular features on Africa, and some even have African editions.

Nevertheless, real understanding of the continent remains relatively shallow, sometimes embarrassingly so. For example, in its special coverage of Mr Clinton's stop in Cape Town this week, a leading black television network trumpeted the president's arrival by prominently displaying South Africa's discredited, apartheid-era national flag to its viewers.

At the same time, a backlash has been building against the romanticised, quasi-mystical image of Africa embraced by some of the new converts. A recent book by Keith Richburg, a black journalist who spent several years there, sparked a furore when he excoriated the continent's endemic corruption, poverty and violence, openly thanking God his forefathers had been sent to America in chains.

"I have been here, I have lived here and seen Africa in all its horror," he wrote. "I know now that I am a stranger here. I am an American, a black American, and I feel no connection to this strange and violent place."



Politics of race: a scene from Spielberg's film, Amistad

Many US blacks acknowledge that exposure to African politics and culture often provides a forceful reminder of their underlying American identity. But most argue that does not negate the real interest in the revival of some African countries and the genuine excitement that has been generated by Mr Clinton's visit.

As Kwesi Mfume, president of the National Association for the Advancement of Coloured People, the old standard bearer of the US civil rights movement, says: "The American people will now be able to see the future

of Africa through the eyes of the president of the US, and they will see that Africa not only exists, it matters."

Although Mr Richburg claimed to feel "little personal connection or pain" when he visited Goree, the same will not be true for the president whose political trademark is an ability to share the pain of others. And when Mr Clinton returns home to try to breathe new life into the troubled national initiative on race he launched last year, the White House will be hoping his gesture will have helped persuade African-Americans that they matter too.



# Doubts arise over Opec initiative

**WEEK IN THE MARKETS**  
By Gary Mead

Sceptical notes began to be sounded yesterday ahead of the meeting of the Organisation of Petroleum Exporting Countries due to be held in Vienna on Monday, where Opec ministers are expected to ratify last weekend's Mexico-brokered deal to cut global crude oil production.

Traders said they will be looking for a demonstration of firm unanimity, as well as a real commitment to abide by promised production cuts, before they are convinced that the recent price recovery is on a sure footing.

In some quarters, the doubts went further. Robert Priddle, executive director of the International Energy Agency, told Reuters that even if the new deal sticks, it may be insufficient to prevent a further price slide.

"The market overall in the second quarter in our calculations is going to be very amply oversupplied even if this cut takes place," he said.

Under the deal, all Opec members except Iraq, and six non-Opec members promised to cut production from April 1 until the end of the year; the 16 countries concerned have so far agreed to cut a total of 1.4m b/d, but some specialists suggest this is insufficient.

According to the latest oil market analysis by Flemings Research, "at least 2m b/d of cuts are needed to restore balance and begin to draw down ample stocks".

Norway's minority govern-

**Brent blend oil price**  
2-month forward (\$ per barrel)



**LME warehouse stocks\***

	Tonnes (1000)	Change
Aluminium	545.1	+189
Copper	46.2	+108
Lead	86.4	+70
Nickel	84.5	+30
Zinc	472.2	+1275
Tin	8.8	-310

\* Quarterly close

ment yesterday secured a parliamentary majority to cut production, probably by 100,000 b/d, 3 per cent of its daily output of 3.2m barrels.

Brent crude on the International Petroleum Exchange saw-sawed amid the conflicting views: the April contract climbed 11 cents to \$15.55 a barrel by the afternoon but slid to \$15.18 a barrel later.

Gold fixed above the \$300 figure, at \$302.75 per ounce, in the morning. Equally significantly, it managed to stay above that point in the afternoon, though it fixed lower, at \$301.95.

Base metals witnessed a lacklustre Friday, with three-months copper softening at the end by \$5 a tonne to \$1,754. The overall sense of drift was broken only by zinc, which firmed \$11 a tonne to finish at \$1,113.

## WEEKLY PRICE CHANGES

	Latest	Change on week	Year	High	Low
Gold per troy oz	\$304.05	+11.80	\$247.55	\$279.55	\$279.55
Silver per troy oz	\$29.50	+21.50	\$17.00	\$23.50	\$23.50
Aluminium 50 lb (cash)	\$1,125.00	+6.00	\$1,070.00	\$1,125.00	\$1,070.00
Copper Grade A (cash)	\$1,725.00	+12.50	\$1,645.00	\$1,725.00	\$1,645.00
Lead (cash)	\$885.00	+20.00	\$865.00	\$885.00	\$865.00
Nickel (cash)	\$85.00	+5.00	\$79.50	\$85.00	\$79.50
Zinc 50 lb (cash)	\$1,025.00	+10.00	\$975.00	\$1,025.00	\$975.00
Tin (cash)	\$1,100.00	+10.00	\$1,010.00	\$1,100.00	\$1,010.00
Coffee Futures Mar	\$1.01	+0.01	\$1.01	\$1.01	\$1.01
Cocoa Futures Mar	\$1.70	+0.01	\$1.70	\$1.70	\$1.70
Sugar 11/16 Mar	\$22.50	+0.25	\$22.50	\$22.50	\$22.50
Barley Futures Mar	\$2.75	+0.05	\$2.75	\$2.75	\$2.75
Wheat Futures Mar	\$2.75	+0.05	\$2.75	\$2.75	\$2.75
Oil (West Blend)	\$14.50	+0.05	\$14.50	\$14.50	\$14.50

## WORLD BOND PRICES

For more details see table on page 10. \* Data as of 11:00 a.m.

## Treasuries lead downward trend

### GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Markets closed lower yesterday as a combination of a weak trend in the US debt market, an unexpectedly strident Bundesbank report on the candidates for Europe's single currency, and unwinding of trades ahead of the weekend put pressure on prices.

### BENCHMARK GOVERNMENT BONDS

	Rate	Change	Yield	High	Low
10-year US	7.00	-0.01	7.00	7.00	7.00
10-year UK	10.00	-0.01	10.00	10.00	10.00
10-year EU	10.00	-0.01	10.00	10.00	10.00
10-year JP	10.00	-0.01	10.00	10.00	10.00
10-year AU	10.00	-0.01	10.00	10.00	10.00
10-year NZ	10.00	-0.01	10.00	10.00	10.00
10-year SA	10.00	-0.01	10.00	10.00	10.00
10-year IN	10.00	-0.01	10.00	10.00	10.00
10-year BR	10.00	-0.01	10.00	10.00	10.00
10-year MX	10.00	-0.01	10.00	10.00	10.00
10-year AR	10.00	-0.01	10.00	10.00	10.00
10-year CL	10.00	-0.01	10.00	10.00	10.00
10-year CO	10.00	-0.01	10.00	10.00	10.00
10-year CR	10.00	-0.01	10.00	10.00	10.00
10-year EC	10.00	-0.01	10.00	10.00	10.00
10-year EG	10.00	-0.01	10.00	10.00	10.00
10-year GT	10.00	-0.01	10.00	10.00	10.00
10-year HK	10.00	-0.01	10.00	10.00	10.00
10-year ID	10.00	-0.01	10.00	10.00	10.00
10-year IR	10.00	-0.01	10.00	10.00	10.00
10-year IS	10.00	-0.01	10.00	10.00	10.00
10-year IT	10.00	-0.01	10.00	10.00	10.00
10-year KE	10.00	-0.01	10.00	10.00	10.00
10-year KG	10.00	-0.01	10.00	10.00	10.00
10-year KH	10.00	-0.01	10.00	10.00	10.00
10-year KP	10.00	-0.01	10.00	10.00	10.00
10-year KR	10.00	-0.01	10.00	10.00	10.00
10-year KW	10.00	-0.01	10.00	10.00	10.00
10-year KY	10.00	-0.01	10.00	10.00	10.00
10-year LA	10.00	-0.01	10.00	10.00	10.00
10-year LB	10.00	-0.01	10.00	10.00	10.00
10-year LC	10.00	-0.01	10.00	10.00	10.00
10-year LI	10.00	-0.01	10.00	10.00	10.00
10-year LU	10.00	-0.01	10.00	10.00	10.00
10-year LV	10.00	-0.01	10.00	10.00	10.00
10-year LY	10.00	-0.01	10.00	10.00	10.00
10-year MA	10.00	-0.01	10.00	10.00	10.00
10-year MC	10.00	-0.01	10.00	10.00	10.00
10-year MD	10.00	-0.01	10.00	10.00	10.00
10-year ME	10.00	-0.01	10.00	10.00	10.00
10-year MF	10.00	-0.01	10.00	10.00	10.00
10-year MG	10.00	-0.01	10.00	10.00	10.00
10-year MH	10.00	-0.01	10.00	10.00	10.00
10-year MI	10.00	-0.01	10.00	10.00	10.00
10-year MJ	10.00	-0.01	10.00	10.00	10.00
10-year MK	10.00	-0.01	10.00	10.00	10.00
10-year ML	10.00	-0.01	10.00	10.00	10.00
10-year MM	10.00	-0.01	10.00	10.00	10.00
10-year MN	10.00	-0.01	10.00	10.00	10.00
10-year MO	10.00	-0.01	10.00	10.00	10.00
10-year MP	10.00	-0.01	10.00	10.00	10.00
10-year MQ	10.00	-0.01	10.00	10.00	10.00
10-year MR	10.00	-0.01	10.00	10.00	10.00
10-year MS	10.00	-0.01	10.00	10.00	10.00
10-year MT	10.00	-0.01	10.00	10.00	10.00
10-year MU	10.00	-0.01	10.00	10.00	10.00
10-year MV	10.00	-0.01	10.00	10.00	10.00
10-year MW	10.00	-0.01	10.00	10.00	10.00
10-year MX	10.00	-0.01	10.00	10.00	10.00
10-year MY	10.00	-0.01	10.00	10.00	10.00
10-year MZ	10.00	-0.01	10.00	10.00	10.00
10-year NA	10.00	-0.01	10.00	10.00	10.00
10-year NB	10.00	-0.01	10.00	10.00	10.00
10-year NC	10.00	-0.01	10.00	10.00	10.00
10-year ND	10.00	-0.01	10.00	10.00	10.00
10-year NE	10.00	-0.01	10.00	10.00	10.00
10-year NF	10.00	-0.01	10.00	10.00	10.00
10-year NG	10.00	-0.01	10.00	10.00	10.00
10-year NH	10.00	-0.01	10.00	10.00	10.00
10-year NI	10.00	-0.01	10.00	10.00	10.00
10-year NJ	10.00	-0.01	10.00	10.00	10.00
10-year NK	10.00	-0.01	10.00	10.00	10.00
10-year NL	10.00	-0.01	10.00	10.00	10.00
10-year NM	10.00	-0.01	10.00	10.00	10.00
10-year NN	10.00	-0.01	10.00	10.00	10.00
10-year NO	10.00	-0.01	10.00	10.00	10.00
10-year NP	10.00	-0.01	10.00	10.00	10.00
10-year NQ	10.00	-0.01	10.00	10.00	10.00
10-year NR	10.00	-0.01	10.00	10.00	10.00
10-year NS	10.00	-0.01	10.00	10.00	10.00
10-year NT	10.00	-0.01	10.00	10.00	10.00
10-year NU	10.00	-0.01	10.00	10.00	10.00
10-year NV	10.00	-0.01	10.00	10.00	10.00
10-year NW	10.00	-0.01	10.00	10.00	10.00
10-year NX	10.00	-0.01	10.00	10.00	10.00
10-year NY	10.00	-0.01	10.00	10.00	10.00
10-year NZ	10.00	-0.01	10.00	10.00	10.00
10-year OA	10.00	-0.01	10.00	10.00	10.00
10-year OB	10.00	-0.01	10.00	10.00	10.00
10-year OC	10.00	-0.01	10.00	10.00	10.00
10-year OD	10.00	-0.01	10.00	10.00	10.00
10-year OE	10.00	-0.01	10.00	10.00	10.00
10-year OF	10.00	-0.01	10.00	10.00	10.00
10-year OG	10.00	-0.01	10.00	10.00	10.00
10-year OH	10.00	-0.01	10.00	10.00	10.00
10-year OI	10.00	-0.01	10.00	10.00	10.00
10-year OJ	10.00	-0.01	10.00	10.00	10.00
10-year OK	10.00	-0.01	10.00	10.00	10.00
10-year OL	10.00	-0.01	10.00	10.00	10.00
10-year OM	10.00	-0.01	10.00	10.00	10.00
10-year ON	10.00	-0.01	10.00	10.00	10.00
10-year OO	10.00	-0.01	10.00	10.00	10.00
10-year OP	10.00	-0.01	10.00	10.00	10.00
10-year OQ	10.00	-0.01	10.00	10.00	10.00
10-year OR	10.00	-0.01	10.00	10.00	10.00
10-year OS	10.00	-0.01	10.00	10.00	10.00
10-year OT	10.00	-0.01	10.00	10.00	10.00
10-year OU	10.00	-0.01	10.00	10.00	10.00
10-year OV	10.00	-0.01	10.00	10.00	10.00
10-year OW	10.00	-0.01	10.00	10.00	10.00
10-year OX	10.00	-0.01	10.00	10.00	10.00
10-year OY	10.00	-0.01	10.00	10.00	10.00
10-year OZ	10.00	-0.01	10.00	10.00	10.00
10-year PA	10.00	-0.01	10.00	10.00	10.00
10-year PB	10.00	-0.01	10.00	10.00	10.00
10-year PC	10.00	-0.01	10.00	10.00	10.00
10-year PD	10.00	-0.01	10.00	10.00	10.00
10-year PE	10.00	-0.01	10.00	10.00	10.00
10-year PF	10.00	-0.01	10.00	10.00	10.00
10-year PG	10.00	-0.01	10.00	10.00	10.00
10-year PH	10.00	-0.01	10.00	10.00	10.00
10-year PI	10.00	-0.01	10.00	10.00	10.00
10-year PJ	10.00	-0.01	10.00	10.00	10.00
10-year PK	10.00	-0.01	10.00	10.00	10.00
10-year PL	10.00	-0.01	10.00	10.00	10.00
10-year PM	10.00	-0.01	10.00	10.00	10.00
10-year PN	10.00	-0.01	10.00	10.00	10.00
10-year PO	10.00	-0.01	10.00	10.00	10.00
10-year PP	10.00	-0.01	10.00	10.00	10.00
10-year PQ	10.00	-0.01	10.00	10.00	10.00
10-year PR	10.00	-0.01	10.00	10.00	10.00
10-year PS	10.00	-0.01	10.00	10.00	10.00
10-year PT	10.00	-0.01	10.00	10.00	10.00
10-year PU	10.00	-0.01	10.00	10.00	10.00
10-year PV	10.00	-0.01	10.00	10.00	10.00
10-year PW	10.00	-0.01	10.00	10.00	10.00
10-year PX	10.00	-0.01	10.00	10.00	10.00
10-year PY	10.00	-0.01	10.00	10.00	10.00
10-year PZ	10.00	-0.01	10.00	10.00	10.00
10-year QA	10.00	-0.01	10.00	10.00	10.00
10-year QB	10.00	-0.01	10.00	10.00	10.00
10-year QC	10.00	-0.01	10.00	10.00	10.00
10-year QD	10.00	-0.01	10.00	10.00	10.00
10-year QE	10.00	-0.01	10.00	10.00	10.00
10-year QF	10.00	-0.01	10.00	10.00	10.0



## CURRENCIES &amp; MONEY

## Yen falls

## MARKETS REPORT

By Simon Kuper

The yen dropped yesterday as investors prepared themselves for a miserable week for the currency.

On April 1 Tokyo experiences its "Big Bang" of financial deregulation. Foreign exchange controls will be removed, making it easier for Japanese companies and investors to use financial services outside the country. That could prompt large capital outflows in search of higher yields abroad.

Tuesday is Japan's fiscal year-end. Tokyo is keen to keep the Nikkei 225 average above 18,000 until then, because Japanese banks put the year-end values of their shareholdings on their balance sheets. Tokyo seems to believe that a strong yen is good for the Nikkei, and it is thought to want its currency to remain above ¥130 to the dollar until March 31. After that, however, it may tolerate a depreciation.

Add to that what is expected to be a poor Japanese banking survey of manufacturing, due on Thursday, and yesterday's fall in the yen is explained, said Marc Chaudhry, senior currency economist at Deutsche Bank. Investors have also been disillusioned by Thursday's Japanese fiscal stimulus package. It was said to be worth ¥16,000bn, but much of this was spending

announced previously and as yet the package does not include income tax cuts.

The yen dropped ¥1.5 against the dollar to close in London at ¥130.3. Against the D-Mark it fell ¥0.84 to ¥71.30. The dollar rose 0.5 pence against the D-Mark to DM1.628.

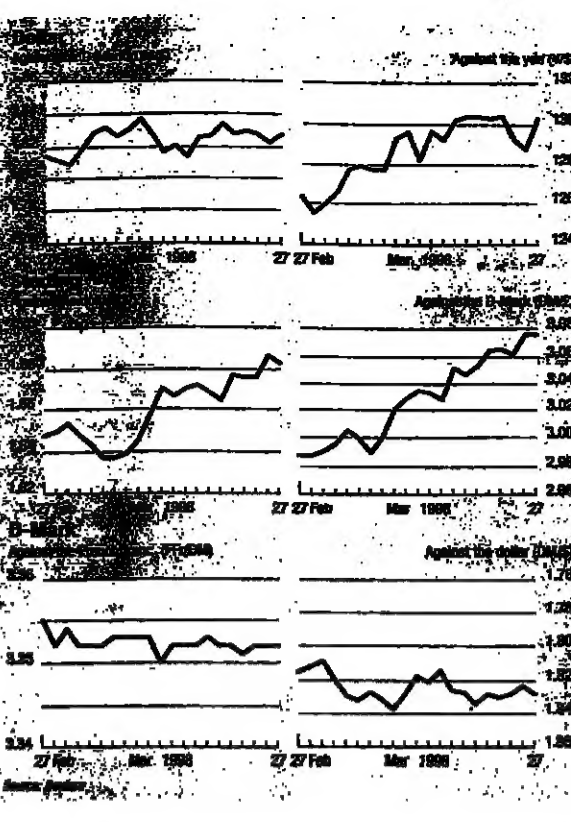
Yesterday's Bundesbank report on economic confidence surprised no one: it criticised debt levels in Italy and Belgium but said Emu's planned start next year was justifiable. Many investors dropped it into the wastepaper basket. Convergence reports by the European Monetary Institute and the European Commission earlier this week had also waved Emu on.

The only market impact from yesterday's rubber stamp was on the Swiss franc. The currency, a safe haven from international doubts, fell from Sfr0.816 to Sfr0.820 against the D-Mark as Emu became more certain. But it was helped down by the Swiss National Bank, which added generous liquidity to the market. In the wake of the Bundesbank report, this was taken as a sign that the bank likes its currency weak. The Swiss is now around its lowest levels since October.

The Bank of China (Hong Kong) yesterday said it would cut its Hong Kong prime lending rate by 25

basis points to 10.00 per cent from Monday. Hong Kong commercial banks had already decided to lower their deposit savings rates by 25 basis points to 8.25 per cent. The rate cuts were seen as a response to decreasing pressure on the Hong Kong dollar, as the Asian crisis starts fading into the market's memory.

Jesper Danneboe, treasury economist at ABN-Amro in London, says investors are confusing the Czech koruna with the Polish zloty. They have been piling into the koruna recently: the koruna has risen 7 per cent against the D-Mark in 1998, while the National Bank of Poland has had to sell zlotys. However, Mr Danneboe says the Polish economic picture is better than the Czech Republic's. Both Polish exports and domestic demand are growing fast. But the Czech economy grew just 1 per cent in 1997 and its recovery now is expected. Any rise in the koruna could damage that, says Mr Danneboe. He therefore expects the currency to fall soon.



## POUND SPOT FORWARD AGAINST THE POUND

Month	Open	High	Low	Close	Change
Jan	1.5200	1.5200	1.5200	1.5200	0.0000
Feb	1.5200	1.5200	1.5200	1.5200	0.0000
Mar	1.5200	1.5200	1.5200	1.5200	0.0000
Apr	1.5200	1.5200	1.5200	1.5200	0.0000
May	1.5200	1.5200	1.5200	1.5200	0.0000
Jun	1.5200	1.5200	1.5200	1.5200	0.0000
Jul	1.5200	1.5200	1.5200	1.5200	0.0000
Aug	1.5200	1.5200	1.5200	1.5200	0.0000
Sep	1.5200	1.5200	1.5200	1.5200	0.0000
Oct	1.5200	1.5200	1.5200	1.5200	0.0000
Nov	1.5200	1.5200	1.5200	1.5200	0.0000
Dec	1.5200	1.5200	1.5200	1.5200	0.0000

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Month	Open	High	Low	Close	Change
Jan	1.5200	1.5200	1.5200	1.5200	0.0000
Feb	1.5200	1.5200	1.5200	1.5200	0.0000
Mar	1.5200	1.5200	1.5200	1.5200	0.0000
Apr	1.5200	1.5200	1.5200	1.5200	0.0000
May	1.5200	1.5200	1.5200	1.5200	0.0000
Jun	1.5200	1.5200	1.5200	1.5200	0.0000
Jul	1.5200	1.5200	1.5200	1.5200	0.0000
Aug	1.5200	1.5200	1.5200	1.5200	0.0000
Sep	1.5200	1.5200	1.5200	1.5200	0.0000
Oct	1.5200	1.5200	1.5200	1.5200	0.0000
Nov	1.5200	1.5200	1.5200	1.5200	0.0000
Dec	1.5200	1.5200	1.5200	1.5200	0.0000

## WORLD INTEREST RATES

## MONEY RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## EURO CURRENCY INTEREST RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## EMS EUROPEAN CURRENCY UNIT RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## UK INTEREST RATES

## LONDON MONEY RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## BASE LENDING RATES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

## OTHER CURRENCIES

Country	Rate	Change
Belgium	5.50	0.00
France	5.50	0.00
Germany	5.50	0.00
Italy	5.50	0.00
Netherlands	5.50	0.00
Sweden	5.50	0.00
Switzerland	5.50	0.00
UK	5.50	0.00
US	5.50	0.00

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## UNIT TRUSTS

## WINNERS AND LOSERS

**TOP FIVE OVER 1 YEAR**

East Capital Growth	1,615
Royal London European Growth	1,527
CF Shaw Utilities	1,474
Fleming Select UK Income	1,462
Newton European	1,453

**BOTTOM FIVE OVER 1 YEAR**

Save & Prosper Gold & Exp	350
Samoa Asian Growth	466
HSBC Singapore & Malaysia Gth	467
Waverley Australian Gold	473
Fidelity ASEAN	473

**TOP FIVE OVER 3 YEARS**

NorthWest UK Smaller Cos	2,852
Johnson Fry Smaller Cos	2,710
GA North America Growth	2,633
Invesco European Growth	2,595
Threadneedle Euro Smaller Cos	2,595

**BOTTOM FIVE OVER 3 YEARS**

Save & Prosper Korea	319
Henderson Japan Smaller Cos	320
Schroder Seoul	342
Baring Korea	368
Schroder Japan Smaller Cos	495

**TOP FIVE OVER 5 YEARS**

Invesco European Growth	3,484
Gartmore European Smaller Cos	3,478
Jupiter European	3,450
Old Mutual European	3,397
Exler Capital Growth	3,341

**BOTTOM FIVE OVER 5 YEARS**

Save & Prosper Korea	294
Henderson Japan Smaller Cos	305
Fidelity Japan Smaller Cos	320
Baring Japan Sunrise	323
Schroder Japan Smaller Cos	500

**TOP FIVE OVER 10 YEARS**

FLC US Smaller Companies	10,389
HSBC US Smaller Cos	9,804
GA North America Growth	7,715
Framlington Health	7,442
Abn-Amro Profits Technology	7,130

**BOTTOM FIVE OVER 10 YEARS**

Baring Japan Inc	420
M&S Japan Inc	516
Baring Japan Sunrise	517
Henderson Japan Smaller Cos	531
Invesco Japan Growth	581

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

**Indices**

Index	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1129	1536	1778	3158	3.5	2.4
Average Investment Trust	1226	1653	2195	3761	4.9	4.5
Bank	1041	1118	1203	1750	0.0	5.7
Building Society	1039	1114	1203	1796	0.0	5.4
Stockmarket: FTSE All-Share	1232	1884	2360	4313	2.7	2.8
Index	1034	1091	1155	1540	0.3	-

**UK Growth**

Trust	1 year	3	5	10	Volatility	Yield
Johnson Fry Smaller Growth	1282	2710	2809	5252	2.8	0.7
Old Mutual Growth	1308	2443	2595	2860	2.9	0.4
Standard Life UK Ex Growth Acc	1299	2290	2506	4745	2.8	0.7
Exler Capital Growth	1615	2240	3341	-	4.3	-
River & Mercantile 1st Growth	1348	2211	2582	-	2.8	0.5
SECTOR AVERAGE	1250	1821	2058	3171	2.8	1.5

**UK Growth & Income**

Trust	1 year	3	5	10	Volatility	Yield
Fleming Select UK Income	1482	2145	2540	3654	2.7	2.5
Laurence Keen Income & Growth	1325	2035	2183	-	2.6	3.0
HSBC Focus Fund	1416	2026	2194	-	3.1	1.5
Fidelity Moneybuilder Growth	1311	2001	-	-	2.7	2.1
Britannia UK General Inc	1285	1999	2102	2997	2.8	2.6
SECTOR AVERAGE	1296	1804	2044	3006	2.7	2.2

**UK Smaller Companies**

Trust	1 year	3	5	10	Volatility	Yield
NorthWest UK Smaller Cos	1204	2852	-	-	3.5	1.0
Gartmore UK Smaller Companies	1182	2401	2968	3054	3.2	0.2
Laurence Keen Smaller Cos	1172	2299	-	-	2.9	1.3
Schroder Smaller Companies Inc	1170	2177	2462	3102	3.0	0.7
AES Smaller Companies	1157	2165	2462	-	2.9	0.8
SECTOR AVERAGE	1089	1981	1964	2449	2.9	1.5

**UK Equity Income**

Trust	1 year	3	5	10	Volatility	Yield
Jupiter Income	1216	2181	2947	3206	2.2	3.9
Newton Higher Income	1404	2033	2100	3833	2.7	3.7
BND UK Equity Income	1333	2000	2529	3444	2.5	3.1
Fidelity Income Plus	1389	1994	1969	2749	2.5	3.4
Lazard UK Income	1283	1978	2260	4186	2.5	4.0
SECTOR AVERAGE	1293	1770	2048	3271	2.5	3.8

**UK Equity & Bond Income**

Trust	1 year	3	5	10	Volatility	Yield
Abn-Amro Profit Income	1287	1827	2045	3105	2.5	3.7
HSBC High Income	1253	1822	-	-	2.1	5.1
CIS UK Income	1340	1777	1997	-	2.5	3.1
Edinburgh High Distribution	1303	1766	2042	2455	2.4	3.3
Clear Med Retirement Income Inc	1298	1748	2010	-	2.5	4.7
SECTOR AVERAGE	1220	1594	1810	2698	2.1	4.8

**UK Eq & Bd**

Trust	1 year	3	5	10	Volatility	Yield
BND Balanced Portfolio	1291	2134	2711	-	3.2	0.8
Perpetual High Income	1341	1920	2452	5220	2.6	3.5
Credit Suisse Monthly Inc Port	1286	1828	2258	-	2.6	3.5
Canlife Income Dis	1294	1803	2022	2975	2.3	2.8
NPI UK Extra Income Inc	1245	1775	2117	-	2.3	2.4
SECTOR AVERAGE	1258	1742	2116	3436	2.4	2.8

**UK Fixed Interest**

Trust	1 year	3	5	10	Volatility	Yield
Abn-Amro Profit Income	1163	1617	1823	2637	1.4	7.8
CU PPT Monthly Income Plus	1226	1534	1718	-	1.8	7.0
Edinburgh Convertible	1184	1522	1386	1857	2.2	5.0
CU PPT Preference Inc	1236	1502	1642	2493	2.1	6.2
Edinburgh Preferred High Inc	1199	1481	1580	2106	1.8	6.3
SECTOR AVERAGE	1122	1376	1494	2088	1.8	6.1

**UK Gilt**

Trust	1 year	3	5	10	Volatility	Yield
Baring Exempt Fixed Interest	1248	1490	-	-	2.0	6.1
M&S Gilt & Fixed Interest	1182	1410	1539	2119	1.8	5.5
Mercury Long-Dated Bond	1195	1396	-	-	2.2	4.4
Gartmore PS Fixed Interest	1162	1361	1460	-	1.7	6.8
Murray Gilt	1148	1357	1450	-	1.5	6.2
SECTOR AVERAGE	1114	1269	1357	2006	1.4	5.5

**International Equity Income**

Trust	1 year	3	5	10	Volatility	Yield
GT International Income Inc	1271	1736	1938	3788	2.7	1.9
Martin Currie Int'l Income	1203	1680	1879	-	2.7	3.8
Mayflower Global Income	1257	1604	1934	3017	2.4	2.4
M&S International Income	1178	1595	1778	3605	2.7	3.8
Premier Global 100	1120	1477	1574	1944	3.3	0.6
SECTOR AVERAGE	1169	1588	1771	2996	2.8	2.5

**International Fixed Interest**

Trust	1 year	3	5	10	Volatility	Yield
Baring Global Bond	1040	1312	1387	-	1.5	4.9
Newton International Bond	1055	1267	1288	-	2.0	4.5
AES Int'l Bond & Convertible	1074	1255	1297	-	2.8	2.5
City Financial Backman Int'l	1063	1244	1167	1977	2.6	5.9
Bardays BGI Int'l Fx Int'l Inc	1029	1238	1266	-	1.8	5.1
SECTOR AVERAGE	985	1095	1112	1785	1.7	5.0

**International Equity & Bond**

Trust	1 year	3	5	10	Volatility	Yield
Fleming General Opportunities	1258	1743	1871	-	2.0	3.0
Bank of Ireland Ex Mgd Growth	1128	1650	1872	-	2.9	2.1
GA Income Portfolio	1299	1650	1760	-	2.8	2.5
Mark & Spencer Inv Port Acc	1227	1606	1807	-	3.4	1.9
Canlife Portfolio (MLTM)	1197	1589	-	-	2.5	1.1
SECTOR AVERAGE	1141	1456	1614	2389	2.2	2.4

**Intl Growth**

Trust	1 year	3	5	10	Volatility	Yield
Save & Prosper Financial Secs	1340	2401	2968	3539	3.4	1.1
Framlington Financial	1418	2352	2955	3558	3.4	0.9
HSBC Financial	1386	2190	2554	4767	3.8	0.9
Framlington Health	1084	2149	2585	7442	7.1	-
Edinburgh Financial	1383	2129	2306	3553	3.9	1.1
SECTOR AVERAGE	1140	1957	2378	3178	3.7	0.8

**Nth America**

Trust	1 year	3	5	10	Volatility	Yield
GA North America Growth	1383	2533	3281	7715	4.5	-
Dresdner Nth America Sm Co	1335	2423	2338	4274	4.8	-
Henderson American Smaller Cos	1383	2312	2723	6559	4.3	-
Royal & SunAll Nth America	1348	2308	2163	6363	4.8	0.3
HSBC US Smaller Cos	1283	2255	2882	6504	5.3	-
SECTOR AVERAGE	1280	1932	2385	4797	4.4	0.5

**Europe**

Trust	1 year	3	5	10	Volatility	Yield
INVESTCO European Growth	1389	2586	3484	5910	4.5	-
Threadneedle Euro Smaller Cos	1344	2556	3290	4913	4.5	0.1
Jupiter European	1257	2438	3450	6552	3.9	-
INVESTCO European Smaller Cos	1300	2453	3182	5850	3.9	-
TU European	1413	2382	-	-	2.9	0.9
SECTOR AVERAGE	1301	1957	2440	4578	3.8	0.8

**Japan**

Trust	1 year	3	5	10	Volatility	Yield
GT Japan Growth	903	991	1089	1294	3.5	-
Martin Currie Japan	895	927	1046	-	5.5	-
Mayflower Japan Growth	925	927	939	-	5.8	-
Bardays Global Japanese	924	891	942	1069	5.4	-
Newton Japan	943	891	948	1030	5.5	-
SECTOR AVERAGE	792	879	922	813	5.8	0.2

**Far East Inc Japan**

Trust	1 year	3	5	10	Volatility	Yield
AB Growth Greater China	855	1150	1385	3024	8.2	-
Schroder Far East Growth Inc	811	945	1312	-	5.7	0.2
Jupiter Far East Growth	786	926	1063	-	5.8	-
Royal & SunAll Far East	789	925	1080	1214	5.8	-
Perpetual Far East Growth	737	918	1229	2585	4.3	1.1
SECTOR AVERAGE	728	813	988	1733	5.8	0.8

**Far East ex Japan**

Trust	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	842	1083	1182	3025	8.9	0.8
INVESTCO Hong Kong & China	851	1084	1317	3054	9.0	1.3
Friends Far East Growth	809	1071	1073	2654	8.5	-
Henry Cooke US East Enterprise	882	1283	-	-	8.4	1.4
Old Mutual Hong Kong	785	1183	1431	3300	9.0	1.3
SECTOR AVERAGE	868	812	1076	3289	7.9	1.3

**Best Peps**

Trust	1 year	3	5	10	Volatility	Yield
Robit UK Smaller Cos	1204	2852	-	-	3.5	1.0
Johnson Fry Smaller Growth	1282	2710	2809	-	2.8	0.7
INVESTCO European Growth	1389	2586	3484	-	4.5	-
Threadneedle Euro Smaller Cos	1344	2556	3290	-	4.5	0.1
Jupiter European	1257	2438	3450	-	3.9	-
SECTOR AVERAGE	1222	1740	2022	-	2.8	1.5

**Property**

Trust	1 year	3	5	10	Volatility	Yield
Abn-Amro Profit Property Str	1231	1721	2094	-	2.8	1.2
Northwich Property	1104	1281	1633	-	1.9	5.2
Always Residential Property	1077	1227	-	-	3.8	4.8
Bardays Property	1030	1182	1424	-	6.8	5.8
SECTOR AVERAGE	1111	1355	1717	-	1.4	4.2

**Commodity & Energy**

Trust	1 year	3	5	10	Volatility	Yield
M&S Australian Acc	888	1421	1704	2342	5.3	2.0
Save & Prosper Commodity	710	963	1140	1885	5.8	-
M&S Commodity	643	936	1248	1741	5.5	1.5
HSBC Natural Resources	724	900	1034	1484	5.3	1.8
YBS Natural Resources	686	858	1308	2415	8.8	0.7
SECTOR AVERAGE	618	821	1185	1818	6.8	1.8

**Investment Trust Units**

Trust	1 year	3	5	10	Volatility	Yield
Outlier Investment Trusts Inc	1091	1687	2171	-	3.5	0.3
Outlier High Inc Inv Tr Acc	1182	1685	2247	-	2.8	3.1
Exler Fund of Investment Trs	1156	1580	2208	3699	2.6	0.4
Singer & Friedlander Inv Trs Pt	1191	1560	-	-	2.8	1.8
Equitable Trust of Invest Trs	1132	1560	1853	3757	2.7	1.5
SECTOR AVERAGE	1154	1525	1945	3251	2.9	1.8











## MANAGEMENT SERVICES

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**NOTES**  
 1. Over: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.  
 2. Net: Rate of interest payable after allowing for deduction of basic rate income tax.  
 3. Gross: Rate only considered to take account of withholding of interest paid other than such a year, compounded Annual Paid.  
 4. Freq: Frequency at which interest is credited to the account.







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# FTSE SmallCap index hits another record

## MARKETS REPORT

By Philip Coggan,  
Markets Editor

The end of the UK tax year and the revival of takeover speculation helped London recover from Thursday's losses early yesterday. But the FTSE 100 index later gave back some of the ground gained.

Having raced up from 5,000 in early January, leading shares seem to be caught in a two-way pull. Any surge above 6,000 seems to be met by profit-taking and there have been signs of nervous overvaluation, given the historically low dividend yield.

But the end of the quarter for institutional investors, and the April 6 tax year end for personal investors, is encouraging a shift into equities. Institutions, many of which started the year with high cash levels, want to show trustees that they have moved into the fast-rising stock market.

Small investors, who were holding back from putting money into personal equity plans until they saw the details of the Budget, have decided to take the plunge now the Lifetime PEP limit has been abolished.

Footsie had a fairly volatile day yesterday. An opening decline took the market below 5,900 by 9am, but shares moved strongly

ahead for the rest of the morning as the familiar takeover rumours about Zeneca were revived.

At the best of the day, just after Wall Street closed, the index was 71.4 points higher at 5,977.0.

But Wall Street's early strength quickly evaporated and the leading UK index retreated, showing a loss for the day around 4pm. Then a final rally carried Footsie up 33.7 to 5,939.3 by the close. Over the week, it fell 17 points.

Smaller company stocks were steadier with the FTSE SmallCap index recording another all-time closing high, finishing 7.2 ahead at 2,687.5. The FTSE 250 index gained 17.8 to 5,533.2.

Despite investors' enthusiasm, there were some signs of distress in the smaller company sector. ABI Leisure, a caravan hire company, was hit hard by a sharp drop in the residential hire market. The company's profit warning, issued at the same time as revealing that takeover talks had ended.

The strength of sterling also continued to weigh on the market, with the Bank of England's trade-weighted index edging up to 108.2, its highest level since February 1998. Meanwhile, the 18-year gilt dropped around a quarter of a point.

The team, at ABN-Amro, for some time among the most gloomy about the UK market, has increased its short-term target for Footsie to 6,000.

But it still expects the market to fall in the second half of the year and its end-1998 target remains near the bottom of the range at 5,600.

"If the abolition of the dividend tax credit does not matter, equity valuations relative to bonds are fair. If it does matter - as we believe - equities are expensive. Earnings-based comparisons will suffer from 1998's poor profits," the team says.

Volume had reached 860.9m shares by the 6pm cutoff, with which 52 per cent was in non-Footsie stocks.

Turnover in Zeneca was 1.8m shares, while Glaxo traded a hefty 9.8m shares and SmithKline Beecham 8.5m.

A dismal week for the retail sector ended with Kingfisher shareholders, who saw their shares underperform the market substantially in the wake of news that Jim Hodgkinson, head of the company's highly successful DIY division, B & Q, had resigned "to pursue a new opportunity".

The resignation news shocked the market, which has long recognised the importance of Mr Hodgkinson in establishing B & Q as the front-runner in the UK DIY market, with the profits from the division reviving the Kingfisher group.

Kingfisher shares had been among the best performers in the retail sector recently, especially after their well-received figures two weeks ago.

But yesterday they reflected the market's distinct unease with the latest developments, closing 18 lower at 511.20.

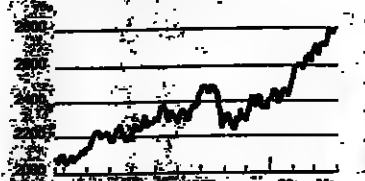
The Zeneca move was accompanied by plenty of action in other drug stocks such as those of Glaxo Wellcome and SmithKline Beecham, whose own attempts to forge a merger foundered a couple of months ago.

The detailed merger talks between those two companies were accompanied by a massive rise in both companies' shares, and in Zeneca.

Yesterday's stories were generally focused on potential bidders from Switzerland, with Novartis one of the most favoured candidates. While there were also suggestions that an American bidder might be running the slide rule over the UK group.

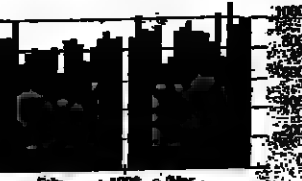
Zeneca shares shot up 130 or just short of 5 per cent to close at 226.50, while Glaxo Wellcome slipped to finish the day a net 26 p at 215.40. SmithKline Beecham settled 14 firmer at 748p.

## FTSE All-Share Index



Index	Value	Change
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## Equity shares traded



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## TRADING VOLUME IN MAJOR STOCKS

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## EQUITY FUTURES AND OPTIONS TRADING

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## Zeneca rumours revived

### COMPANIES REPORT

By Steve Thompson and Martin Price

Zeneca, the drug group, was said by dealers to have been largely responsible for transforming sentiment in the market around lunchtime.

A sudden burst of buying interest, said to have emanated mostly from across the Atlantic, reflected a resurgence of takeover stories in the drug sector.

Although acknowledging the recent and powerful behind the scenes action, the Zeneca share price, pharmaceutical specialists said, the performance of the shares bore a remarkable resemblance to bursts of strength in Zeneca in previous months, especially, as one cynic put it, "on rather quiet Friday afternoons".

The Zeneca move was accompanied by plenty of action in other drug stocks such as those of Glaxo Wellcome and SmithKline Beecham, whose own attempts to forge a merger foundered a couple of months ago.

The detailed merger talks between those two companies were accompanied by a massive rise in both companies' shares, and in Zeneca.

Yesterday's stories were generally focused on potential bidders from Switzerland, with Novartis one of the most favoured candidates. While there were also suggestions that an American bidder might be running the slide rule over the UK group.

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## Turnover in Zeneca

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A dismal week for the retail sector ended with Kingfisher shareholders, who saw their shares underperform the market substantially in the wake of news that Jim Hodgkinson, head of the company's highly successful DIY division, B & Q, had resigned "to pursue a new opportunity".

The resignation news shocked the market, which has long recognised the importance of Mr Hodgkinson in establishing B & Q as the front-runner in the UK DIY market, with the profits from the division reviving the Kingfisher group.

Kingfisher shares had been among the best performers in the retail sector recently, especially after their well-received figures two weeks ago.

But yesterday they reflected the market's distinct unease with the latest developments, closing 18 lower at 511.20.

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## MAIN MOVERS

FTSE 350

Index	Value	Change
FTSE 350	5533.2	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## une gains and potential difficulty

in pushing price rises through.

Among those still feeling bullish on the sector is Steve Charnock at Charterhouse "Tiney, who said: 'House builders with good structure and a land bank in place will be able to grow profits gradually, without being dependent on house price inflation, and their quality of earnings will improve.'

Orange shares, down 21% on Thursday after news of the bought deal emerged, fell a further 8 to 389p yesterday.

Turnover of 3.5m shares was interpreted by market-makers as a clear sign that Warburg had not managed to sell any more of the stock it retained after the bought deal. Estimates put the amount left with Warburg as anything up to 60m Orange shares.

Dealers insisted that Warburg, which has one of the most sophisticated derivative operations in the London market, and indeed among global markets, would have hedged its position regarding the Orange deal.

But they also said it would be difficult to see Orange shares making progress from here with such a substantial overhang of shares in the market.

## FT 30 INDEX

Index	Value	Change
FT 30	5939.3	+17.8
FT 250	5533.2	+17.8
FT All-Share	5939.3	+17.8
FT All-Share yield	2.75	+0.01
FT 100 P/E	22.29	+0.15
FT 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## FTSE - LEADERS & LAGGARDS

Index	Value	Change
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## The UK Series

Index	Value	Change
The UK Series	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## RISES AND FALLS

Index	Value	Change
RISES AND FALLS	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## NEW 52 WEEK HIGHS AND LOWS

Index	Value	Change
NEW 52 WEEK HIGHS AND LOWS	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## LONDON RECENT ISSUES: EQUITIES

Index	Value	Change
LONDON RECENT ISSUES: EQUITIES	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## FTSE Actuaries Share Index

Provisions in conjunction with the Faculty and Institute of Actuaries

Index	Value	Change
FTSE Actuaries Share Index	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## FTSE Actuaries Industry Sectors

Index	Value	Change
FTSE Actuaries Industry Sectors	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## LIFE EQUITY OPTIONS

Index	Value	Change
LIFE EQUITY OPTIONS	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## STOCK MARKET TRADING DATA

Index	Value	Change
STOCK MARKET TRADING DATA	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## RIGHTS OFFERS

Index	Value	Change
RIGHTS OFFERS	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## STOCK MARKET TRADING DATA

Index	Value	Change
STOCK MARKET TRADING DATA	5939.3	+17.8
FTSE 100	5939.3	+17.8
FTSE 250	5533.2	+17.8
FTSE All-Share	5939.3	+17.8
FTSE All-Share yield	2.75	+0.01
FTSE 100 P/E	22.29	+0.15
FTSE 100 P/B	2.16	+0.01
10 yr Gilt yield	6.00	-0.01
Long gilts yield	6.00	-0.01

## Hourly movements

	Mar 27	change	Mar 26	Mar 25	avg
RESOURCES222	4703.61	+0.1	4698.17	4735.47	4123.74
Extractive Industries23	3197.27	+3.2	3128.00	3145.42	4078.63
Oil, Integrated4	5225.34	-0.2	5235.59	5264.58	
Oil Exploration & Prod13	2044.11	+0.9	3315.01	3348.32	3621.28
GEN INDUSTRIAL22222	2246.09	-0.3	2222.98	2247.35	2008.17
Construction33	1542.47	-0.5	1659.59	1658.30	1349.07
Building Metals & Merchant23	1915.25	-0.4	1911.09	1919.63	1860.32
Chemicals24	3511.80	-0.3	3502.78	3510.55	2234.33
Chemicals24	1465.38	-0.9	1468.14	1462.22	1525.78
Diversified Industrials11	3498.10	-0.1	3497.86	3541.19	2207.00
Electronic & Elect Equip23	3498.10	-0.1	3497.22	3541.19	2611.84







## INV TRUSTS SPILT CAPITAL - Continued

[illegible]

MEASURE & HOTELS		1987/88	
Measure	Hotels	Measure	Hotels
1. 1st	1. 1st	1. 1st	1. 1st
2. 2nd	2. 2nd	2. 2nd	2. 2nd
3. 3rd	3. 3rd	3. 3rd	3. 3rd
4. 4th	4. 4th	4. 4th	4. 4th
5. 5th	5. 5th	5. 5th	5. 5th
6. 6th	6. 6th	6. 6th	6. 6th
7. 7th	7. 7th	7. 7th	7. 7th
8. 8th	8. 8th	8. 8th	8. 8th
9. 9th	9. 9th	9. 9th	9. 9th
10. 10th	10. 10th	10. 10th	10. 10th
11. 11th	11. 11th	11. 11th	11. 11th
12. 12th	12. 12th	12. 12th	12. 12th
13. 13th	13. 13th	13. 13th	13. 13th
14. 14th	14. 14th	14. 14th	14. 14th
15. 15th	15. 15th	15. 15th	15. 15th
16. 16th	16. 16th	16. 16th	16. 16th
17. 17th	17. 17th	17. 17th	17. 17th
18. 18th	18. 18th	18. 18th	18. 18th
19. 19th	19. 19th	19. 19th	19. 19th
20. 20th	20. 20th	20. 20th	20. 20th
21. 21st	21. 21st	21. 21st	21. 21st
22. 22nd	22. 22nd	22. 22nd	22. 22nd
23. 23rd	23. 23rd	23. 23rd	23. 23rd
24. 24th	24. 24th	24. 24th	24. 24th
25. 25th	25. 25th	25. 25th	25. 25th
26. 26th	26. 26th	26. 26th	26. 26th
27. 27th	27. 27th	27. 27th	27. 27th
28. 28th	28. 28th	28. 28th	28. 28th
29. 29th	29. 29th	29. 29th	29. 29th
30. 30th	30. 30th	30. 30th	30. 30th
31. 31st	31. 31st	31. 31st	31. 31st
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34. 34th	34. 34th	34. 34th	34. 34th
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36. 36th	36. 36th	36. 36th	36. 36th
37. 37th	37. 37th	37. 37th	37. 37th
38. 38th	38. 38th	38. 38th	38. 38th
39. 39th	39. 39th	39. 39th	39. 39th
40. 40th	40. 40th	40. 40th	40. 40th
41. 41st	41. 41st	41. 41st	41. 41st
42. 42nd	42. 42nd	42. 42nd	42. 42nd
43. 43rd	43. 43rd	43. 43rd	43. 43rd
44. 44th	44. 44th	44. 44th	44. 44th
45. 45th	45. 45th	45. 45th	45. 45th
46. 46th	46. 46th	46. 46th	46. 46th
47. 47th	47. 47th	47. 47th	47. 47th
48. 48th	48. 48th	48. 48th	48. 48th
49. 49th	49. 49th	49. 49th	49. 49th
50. 50th	50. 50th	50. 50th	50. 50th
51. 51st	51. 51st	51. 51st	51. 51st
52. 52nd	52. 52nd	52. 52nd	52. 52nd
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54. 54th	54. 54th	54. 54th	54. 54th
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62. 62nd	62. 62nd	62. 62nd	62. 62nd
63. 63rd	63. 63rd	63. 63rd	63. 63rd
64. 64th	64. 64th	64. 64th	64. 64th
65. 65th	65. 65th	65. 65th	65. 65th
66. 66th	66. 66th	66. 66th	66. 66th
67. 67th	67. 67th	67. 67th	67. 67th
68. 68th	68. 68th	68. 68th	68. 68th
69. 69th	69. 69th	69. 69th	69. 69th

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[illegible]

196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937																																																															

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Year	Production	Volume	Value	Per
		1000	1000	1000
1970	107,500	1,000	100	100
1971	110,000	1,000	100	100
1972	115,000	1,000	100	100
1973	120,000	1,000	100	100
1974	125,000	1,000	100	100
1975	130,000	1,000	100	100
1976	135,000	1,000	100	100
1977	140,000	1,000	100	100
1978	145,000	1,000	100	100
1979	150,000	1,000	100	100
1980	155,000	1,000	100	100
1981	160,000	1,000	100	100
1982	165,000	1,000	100	100
1983	170,000	1,000	100	100
1984	175,000	1,000	100	100
1985	180,000	1,000	100	100
1986	185,000	1,000	100	100
1987	190,000	1,000	100	100
1988	195,000	1,000	100	100
1989	200,000	1,000	100	100
1990	205,000	1,000	100	100
1991	210,000	1,000	100	100
1992	215,000	1,000	100	100
1993	220,000	1,000	100	100
1994	225,000	1,000	100	100
1995	230,000	1,000	100	100
1996	235,000	1,000	100	100
1997	240,000	1,000	100	100
1998	245,000	1,000	100	100
1999	250,000	1,000	100	100
2000	255,000	1,000	100	100
2001	260,000	1,000	100	100
2002	265,000	1,000	100	100
2003	270,000	1,000	100	100
2004	275,000	1,000	100	100
2005	280,000	1,000	100	100
2006	285,000	1,000	100	100
2007	290,000	1,000	100	100
2008	295,000	1,000	100	100
2009	300,000	1,000	100	100
2010	305,000	1,000	100	100
2011	310,000	1,000	100	100
2012	315,000	1,000	100	100
2013	320,000	1,000	100	100
2014	325,000	1,000	100	100
2015	330,000	1,000	100	100
2016	335,000	1,000	100	100
2017	340,000	1,000	100	100
2018	345,000	1,000	100	100
2019	350,000	1,000	100	100
2020	355,000	1,000	100	100
2021	360,000	1,000	100	100
2022	365,000	1,000	100	100
2023	370,000	1,000	100	100
2024	375,000	1,000	100	100
2025	380,000	1,000	100	100
2026	385,000	1,000	100	100
2027	390,000	1,000	100	100
2028	395,000	1,000	100	100
2029	400,000	1,000	100	100
2030	405,000	1,000	100	100

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Year	Volume	Price	Pages	Illustrations	Index	Notes
1967/68	1,000	1.00	100	10	10	10
1968/69	1,000	1.00	100	10	10	10
1969/70	1,000	1.00	100	10	10	10
1970/71	1,000	1.00	100	10	10	10
1971/72	1,000	1.00	100	10	10	10
1972/73	1,000	1.00	100	10	10	10
1973/74	1,000	1.00	100	10	10	10
1974/75	1,000	1.00	100	10	10	10
1975/76	1,000	1.00	100	10	10	10
1976/77	1,000	1.00	100	10	10	10
1977/78	1,000	1.00	100	10	10	10
1978/79	1,000	1.00	100	10	10	10
1979/80	1,000	1.00	100	10	10	10
1980/81	1,000	1.00	100	10	10	10
1981/82	1,000	1.00	100	10	10	10
1982/83	1,000	1.00	100	10	10	10
1983/84	1,000	1.00	100	10	10	10
1984/85	1,000	1.00	100	10	10	10
1985/86	1,000	1.00	100	10	10	10
1986/87	1,000	1.00	100	10	10	10
1987/88	1,000	1.00	100	10	10	10
1988/89	1,000	1.00	100	10	10	10
1989/90	1,000	1.00	100	10	10	10
1990/91	1,000	1.00	100	10	10	10
1991/92	1,000	1.00	100	10	10	10
1992/93	1,000	1.00	100	10	10	10
1993/94	1,000	1.00	100	10	10	10
1994/95	1,000	1.00	100	10	10	10
1995/96	1,000	1.00	100	10	10	10
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2001/02	1,000	1.00	100	10	10	10
2002/03	1,000	1.00	100	10	10	10
2003/04	1,000	1.00	100	10	10	10
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2005/06	1,000	1.00	100	10	10	10
2006/07	1,000	1.00	100	10	10	10
2007/08	1,000	1.00	100	10	10	10
2008/09	1,000	1.00	100	10	10	10
2009/10	1,000	1.00	100	10	10	10
2010/11	1,000	1.00	100	10	10	10
2011/12	1,000	1.00	100	10	10	10
2012/13	1,000	1.00	100	10	10	10
2013/14	1,000	1.00	100	10	10	10
2014/15	1,000	1.00	100	10	10	10
2015/16	1,000	1.00	100	10	10	10
2016/17	1,000	1.00	100	10	10	10
2017/18	1,000	1.00	100	10	10	10
2018/19	1,000	1.00	100	10	10	10
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	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985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Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Mar 27 / US\$)

(2:45 PM)

DOW JONES

S&amp;P 500

NASDAQ

NYSE

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## EUROPE

LONDON (Mar 27 / US\$)

FTSE 100

DAX

CAC 40

IBEX 35

ATX

BEL 20

PSX

ISEQ

OMX

WSE

BVL

LSE

OSE

SSE

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## Last-minute selling pulls Paris off record

[illegible]



## Vickers sets its sights on a quick sale



sale

marriage?

or directors

cyte delivers slow to life

BANKING JAPANESE GROUP TO DISPOSE OF Y400bn OF LOANS FOR ABOUT 15% OF THEIR FACE VALUE

# Sakura to sell bad loans to US investors

By Gillian Tett in Tokyo

Sakura Bank, one of Japan's largest, yesterday announced it would sell Y400bn (\$3.1bn) of bad loans to US investors for about 15 per cent of their face value.

The sale will clear away about a quarter of the Y1,600bn of bad loans that Sakura disclosed in September 1997 and represents the most drastic public attempt by a Japanese bank to tackle the mountain of bad loans stemming from the collapse

of the 1990s property bubble. It comes as US investors seek Japan for high-risk and high-reward investment opportunities arising from the country's financial problems.

Robert Velins, a director of Barclays Capital Japan, the UK group, says: "Japan's banks are competing with other south-east Asian countries to attract US investment... but there is a lot of interest from investors if the price is right."

Sakura's sale is striking

because Japan's banks have hitherto been very reluctant to tackle their problem loans, officially estimated to total Y77,000bn.

Many banks plan to make huge disposals during the current financial year by setting aside reserves to cover non-performing loans and the collateral backing them. Sanwa Bank yesterday said it would dispose of Y900bn of problem loans this year, compared with earlier forecasts of Y750bn. Sakura plans to dispose of Y1,200bn

of problem loans, up from the Y872bn forecast.

So far most banks have been reluctant to sell loans or the collateral behind them. The biggest public deal so far has been a Y400bn sale of bad loans by Dai-ichi Kangyo Bank to US investors. One US banker said: "Most Japanese banks are not yet prepared to accept an 80 or 90 per cent loss on a loan."

Sakura said it expected that the loans, made to bankrupt companies, would be sold for about Y80bn. The

deal is a "loan participation" trade, whereby Sakura retains responsibility for collecting the loan but sells the risk of a fall in value of the loan and collateral to US investors. This is crucial, as recently some banks have discovered that their bad loan reserves were not big enough to cope with further property market falls.

Sakura refused to disclose the name of the US purchaser.

The bank said it had decided to make the move

because it would "significantly boost" its BIS ratio. The sale will increase its forecast losses this financial year from Y400bn to at least Y450bn.

Yoshinobu Yamada, analyst with Merrill Lynch, said Sakura could afford the sale because it recently sold property to an affiliate for Y280bn. "The sale is basically a good move - I think it shows Sakura is the first bank to go for a more market-oriented approach," he said.

## Music business adapts for a dance to a different tune

Record industry is confronted with a slowdown in Asia, a rise in piracy and increasingly fickle consumers, writes Alice Rawsthorn

In March 1983, the New York Police Department sent a posse of mounted policemen to a video store to control a crowd of 5,000 teenagers swooning over Duran Duran, the frilly-shirted British pop idols.

Fifteen years later, Duran Duran has been axed by its record company. Conditions are tough in the global music market, and EMI, the troubled UK music group to which the band was signed, issued a press warning in January. PolyGram, its Dutch rival, followed suit on Thursday.

Both companies have been hit by a slowdown in Asian sales. The industry also faces a steep increase in music piracy, and the growing popularity of digital distribution systems, notably the Internet. Another problem is the difficulty of predicting what will sell to increasingly fickle consumers at a time when few stars seem capable of sustaining long-term careers.

Music is a highly consolidated industry. PolyGram, EMI and four other multinationals - Japan's Sony, Time Warner of the US, Germany's Bertelsmann and Seagram of Canada - were responsible for nearly 80 per cent of the \$40bn-worth of records sold worldwide last year. These companies enjoyed a decade of robust growth after the compact disc's debut in the mid-1980s.

Sales have since slackened, largely because consumers have finished replacing favourite vinyl albums with CDs, and record companies are now more dependent on new releases.

The slowdown in sales, coupled with the uncertain outlook for the once-buoyant Asian market, poses a problem for an industry accustomed to far faster growth, particularly as profits are under pressure.

Record prices are being squeezed by the growing availability of pirated music, triggered by the declining cost of CD production equipment. Industry estimates suggest that one in three of all records now sold worldwide is pirated.

The Internet has added a new dimension to piracy. New albums are posted on digital jukeboxes, from which they can be downloaded on to home computers, hours after arriving in record stores. An unofficial study recently identified more than 1,800 pirate jukeboxes on the Internet.

Eventually, record companies stand to profit from delivering music directly to consumers over digital systems such as the Internet and high-speed telecommunications networks. Until then, they face a battle to secure adequate copyright protection, some tricky investment decisions and a continuing increase in digital piracy.

Major record companies' global market share



These problems are aggravated by the market's volatility. In the 1970s and 1980s, labels could expect superstars to churn out hit after hit, but consumers are now less loyal. The launch of hundreds of TV channels,



radio stations and magazines has created more vehicles to promote new acts, but made it harder for them to keep their fans' attention.

Sales of heavily publicised releases from once bankable stars - including Aerosmith,

Brooks, Younger buyers have flocked with a rapid succession of newcomers, such as All Saints, Hanson and Puff Daddy.

Record companies risk becoming trapped in the same inflationary cycle as Hollywood studios by being panicked into spending more money to promote new releases in an increasingly unpredictable market, which leaves them with lower profits on hits and bigger losses from flops.

By contrast, music publishing, in which companies collect royalties whenever songs are performed or broadcast, is flourishing. Demand to use music in advertising soundtracks is particularly buoyant. AT&T recently reportedly paid \$1.5m for Elton John's *Rocket Man*, and Nike spent \$700,000 to use the Verve's *Urban Hymns* in a commercial which gave the British band invaluable exposure in the US.

Even so, many music groups have reshuffled their senior management, by bringing in younger executives who, they hope, will be better attuned to the fast-changing market.

The new appointees are now cutting costs by shedding staff and artists. Ageing stars, such as Duran Duran, many of whom are locked in expensive contracts negotiated in their heydays, are among the chief casualties.

### FTSE & ACTUARIES' WORLD INDICES

The FTSE Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Further details can be found in the FTSE Actuaries' World Indices.

REGIONAL AND NATIONAL MARKETS	THURSDAY MARCH 26 1998										FRIDAY MARCH 27 1998										SATURDAY MARCH 28 1998									
	US Dollars per share	Day's Change %	Pound Sterling Index	Yen Index	Dollar Index	Local Currency Index	Local currency vs day %	Dollar vs Day's Yield	US Dollars per share	Day's Change %	Pound Sterling Index	Yen Index	Dollar Index	Local Currency Index	Local currency vs week %	Dollar vs Week Yield	US Dollars per share	Day's Change %	Pound Sterling Index	Yen Index	Dollar Index	Local Currency Index	Local currency vs week %	Dollar vs Week Yield						
Australia (73)	218.81	0.5	192.27	178.19	207.41	216.16	0.0	3.80	217.82	192.05	177.58	206.84	216.05	203.87	216.05	203.87	216.78	217.82	192.05	177.58	206.84	216.05	203.87	216.78	217.82					
Austria (23)	217.36	-0.8	191.00	177.00	203.61	205.69	-0.9	1.59	219.00	193.71	176.48	207.87	217.01	219.00	175.14	205.69	218.75	219.00	193.71	176.48	207.87	217.01	219.00	175.14	205.69					
Belgium (28)	311.74	-1.5	273.94	253.87	255.50	266.05	-1.7	2.44	316.38	275.84	257.84	264.04	264.03	315.16	262.73	266.05	322.13	316.38	275.84	257.84	264.04	264.03	315.16	262.73	266.05					
Brazil (30)	253.06	0.1	231.15	214.22	249.35	249.86	1.1	1.57	260.19	238.14	212.05	247.08	247.08	259.07	232.44	249.86	264.94	253.06	238.14	212.05	247.08	247.08	259.07	232.44	249.86					
Canada (120)	245.82	-0.4	215.03	200.02	232.53	231.19	-0.4	1.80	246.81	215.03	200.02	232.53	232.53	245.82	200.02	232.53	245.82	246.81	215.03	200.02	232.53	232.53	245.82	200.02	232.53					
Denmark (24)	210.59	-0.6	148.87	145.80	148.50	148.59	-0.8	1.25	213.47	145.41	141.82	147.54	148.29	210.59	141.82	147.54	210.59	213.47	145.41	141.82	147.54	148.29	210.59	141.82	147.54					
Finland (28)	271.58	-0.8	226.70	202.82	232.49	231.82	-1.0	2.09	274.80	231.51	205.45	235.92	235.92	271.58	205.45	235.92	271.58	274.80	231.51	205.45	235.92	235.92	271.58	205.45	235.92					
France (78)	283.58	-0.7	257.98	238.00	278.29	281.44	-0.9	2.05	295.53	261.40	240.85	280.64	280.64	283.58	240.85	280.64	283.58	295.53	261.40	240.85	280.64	280.64	283.58	240.85	280.64					
Germany (56)	258.69	-0.8	238.02	218.73	254.80	254.80	-1.1	1.25	271.19	238.79	220.94	257.44	257.44	258.69	220.94	257.44	258.69	271.19	238.79	220.94	257.44	257.44	258.69	220.94	257.44					
Hong Kong (98)	258.21	-1.2	214.77	201.71	228.65	228.65	-1.2	1.47	262.92	201.65	225.45	234.28	234.28	258.21	225.45	234.28	258.21	262.92	201.65	225.45	234.28	234.28	258.21	225.45	234.28					
Indonesia (27)	58.94	7.0	51.19	48.00	55.87	55.87	7.0	2.22	55.06	48.70	44.87	52.29	52.29	58.94	44.87	52.29	58.94	55.06	48.70	44.87	52.29	52.29	58.94	44.87	52.29					
Italy (64)	162.48	-0.7	148.13	132.45	154.00	153.12	-0.8	1.88	162.08	146.45	127.94	153.23	153.23	162.48	127.94	153.23	162.48	148.13	132.45	154.00	153.12	153.12	162.48	127.94	153.23					
Japan (107)	101.76	2.2	89.41	82.85	85.45	85.45	2.2	0.98	92.58	85.89	81.14	84.54	84.54	101.76	81.14	84.54	101.76	89.41	82.85	85.45	85.45	85.45	101.76	81.14	84.54					
Korea (27)	223.71	-0.9	196.58	182.18	212.06	210.90	-0.5	2.22	225.83	198.75	184.08	214.45	214.45	223.71	184.08	214.45	223.71	196.58	182.18	212.06	210.90	210.90	223.71	184.08	214.45					
Malaysia (22)	185.25	-0.2	140.80	124.51	150.61	150.43	-0.1	1.47	185.89	140.76	124.50	151.22	151.22	185.25	124.50	151.22	185.25	140.80	124.51	150.61	150.43	150.43	185.25	124.50	151.22					
Netherlands (19)	479.84	-0.8	421.81	388.76	454.84	445.91	-1.1	2.03	464.25	426.35	394.08	455.09	455.09	479.84	394.08	455.09	479.84	421.81	388.76	454.84	445.91	445.91	479.84	394.08	455.09					
New Zealand (14)	77.16	-0.2	71.50	62.85	67.34	67.34	-0.2	1.40	75.58	67.34	62.80	67.21	67.21	77.16	62.80	67.21	77.16	71.50	62.85	67.34	67.34	67.34	77.16	62.80	67.21					
Norway (28)	202.56	-0.2	182.25	170.81	215.23	215.23	-0.7	1.84	203.71	182.25	171.97	216.90	216.90	202.56	171.97	216.90	202.56	182.25	170.81	215.23	215.23	215.23	202.56	171.97	216.90					
Philippines (22)	104.56	-2.3	91.87	85.14	91.11	90.76	-0.8	1.04	106.98	91.82	87.19	91.59	91.59	104.56	87.19	91.59	104.56	91.87	85.14	91.11	90.76	90.76	104.56	87.19	91.59					
Singapore (12)	240.04	-0.7	210.83	195.47	227.53	227.54	-0.0	1.70	241.73	210.83	195.47	228.00	228.00	240.04	195.47	228.00	240.04	210.83	195.47	227.53	227.54	227.54	240.04	195.47	228.00					
South Africa (13)	258.89	0.8	232.84	214.40	233.52	233.52	0.8	2.70	258.59	232.29	214.40	233.52	233.52	258.89	214.40	233.52	258.89	232.84	214.40	233.52	233.52	233.52	258.89	214.40	233.52					
Spain (32)	276.05	-1.1	230.44	203.23	236.48	236.48	-1.4	1.64	280.44	236.50	210.05	237.27	237.27	276.05	210.05	237.27	276.05	230.44	203.23	236.48	236.48	236.48	276.05	210.05	237.27					
Sweden (49)	555.43	-1.1	496.86	460.48	505.98	505.98	-1.4	1.77	571.99	505.98	460.48	543.18	543.18	555.43	460.48	543.18	555.43	496.86	460.48	505.98	505.98	505.98	555.43	460.48	505.98					
Switzerland (21)	395.30	-0.4	347.38	321.91	374.71	374.70	-0.7	1.06	361.83	321.91	323.57	377.03	377.03	395.30	323.57	377.03	395.30	347.38	321.91	374.71	374.70	374.70	395.30	323.57	377.03					
Thailand (38)	215.19	-1.8	217.30	203.23	215.19	215.19	-1.2	1.40	215.19	203.23	203.23	215.19	215.19	215.19	203.23	215.19	215.19	217.30	203.23	215.19	215.19	215.19	215.19	203.23	215.19					
United Kingdom (209)	289.89	-0.2	242.59	217.50	265.57	265.57	-0.1	2.85	261.25	242.59	217.57	271.55	271.55	289.89	217.57	271.55	289.89	242.59	217.50	265.57	265.57	265.57	289.89	217.57	271.55					
USA (638)	449.67	-0.1	385.14	365.19	426.24	426.27	-0.1	1.41	450.25	385.07	368.78	427.57	427.57	449.67	368.78	427.57	449.67	385.14	365.19	426.24	426.27	426.27	449.67	368.78	427.57					
Americas (617)	408.00	-0.1	358.52	339.28	386.75	386.46	-0.1	1.42	408.36	361.20	332.80	387.71	387.71	408.00	332.80	387.71	408.00	358.52	339.28	386.75	386.46	386.46	408.00	332.80	387.71					
Europe (609)	347.42	-0.6	305.28	282.92	329.32	329.36	-0.9	2.04	345.41	308.08	284.76	331.48	331.48	347.42	284.76	331.48	347.42	305.28	282.92	329.32	329.36	329.36	347.42	284.76	331.48					
Far East (149)	492.17	-0.9	430.35	401.81	467.48	468.22	-1.2	1.74	487.77	440.25	405.67	472.80	472.80	492.17	405.67	472.80	492.17	430.35	401.81	467.48	468.22	468.22	492.17	405.67	472.80					
Pacific Basin (670)	113.22	1.8	99.50	92.71	107.34	107.34	1.5	1.59	111.47	99.50	92.71	107.34	107.34	113.22	92.71	107.34	113.22	99.50	92.71	107.34	107.34	107.34	113.22	99.50	92.71					
Europe-Pacific (158)	210.87	-0.1	185.30	171.72	199.89	199.88	-0.2	1.80	210.57	185.34	171.89	200.20	200.20	210.87	171.89	200.20	210.87	185.30	171.72	199.89	199.88	199.88	210.87	171.89	200.20					
North America (759)	436.75	-0.1	382.78	355.67	414.00	413.63	-0.1	1.42	437.18	386.69	356.29	415.16	415.16	436.75	356.29	415.16	436.75	382.78	355.67	414.00	413.63	413.63	436.75	356.29	415.16					
Europe-UK (487)	315.93	-0.7	277.81	257.28	298.47	298.91	-0.9	1.59	319.12	281.38	259.29	302.08	302.08	315.93	259.29	302.08	315.93	277.81	257.28	298.47	298.91	298.91	315.93	259.29	302.08					
Pacific Excl. Japan (380)	215.19	-0.4	188.08	173.88	203.88	203.88	-0.2	1.80	214.83	188.08	174.92	203.81	203.81	215.19	174.92	203.81	215.19	188.08	173.88	203.88	203.88	203.88	215.19	174.92	203.81					
World Excl. US (1708)	214.82	-0.1	186.77	174.94	203.63	203.63	-0.2	1.69	205.35	186.50	172.87	206.80	206.80	214.82	172.87	206.80	214.82	186.77	174.94	203.63	203.63	203.63	214.82	172.87	206.80					
World Excl. Japan (1708)	214.82	-0.1	186.77	174.94	203.63	203.63	-0.2	1.72	205.35	186.77	173.98	205.85	205.85	214.82	173.98	205.85	214.82	186.77	174.94	203.63	203.63	203.63	214.82	173.98	205.85					
The World Index (C242)	394.20	-0.0	255.67	232.38	275.15	274.39	-0.1	1.64	390.77	236.55	235.65	274.97	274.97	394.20	235.65	274.97	394.20	255.67	232.38	275.15	274.39	274.39	394.20	255.67	274.97					



Weekend March 28/March 29 1998

## CONGRESS ACTS ON LOOPHOLE AFTER WAVE OF MERGERS

# US hotel groups set to lose tax privilege

By Michael Tomkins in New York

The US Congress looks set to close a loophole in US tax law that has helped spur a wave of mergers in the hotel industry worldwide.

The move could directly affect the bidding for The Savoy Hotel, the London luxury hotel group, which is believed to have held talks with US companies.

The loophole being studied by US legislators gives privileged tax status to Starwood Hotels & Resorts Worldwide and four other so-called paired share real estate investment trusts operating in the US.

Reits are passive investment trusts that own property and pay no income tax. They are not allowed to manage properties but paired share Reits devised a way of pairing a Reit with separate companies that operate the Reit's assets, taking advantage of the Reit's tax break to shelter earnings, and trading their shares as one.

This special status was a significant factor in Starwood's ability last year to outbid Hilton Hotels in the battle for ITT, the Sheraton Hotel and Caesars Palace casino group it acquired for \$10.2bn.

Starwood is one of four companies believed to have held merger talks with Savoy. Two of the others - Patriot American Hospitality and Meditrust - are also paired share Reits.

The other Savoy bidder is Blackstone Group, a New York-based investment bank, which is understood to have offered \$320m (\$68m).

A closing of the tax loophole would strip paired share Reits of their tax advantage when bidding for other companies, reducing the amount they could afford to pay. It could also undermine the rationale for their existence, leading them to break into separate companies.

The paired share Reits have lobbied fiercely in Washington to preserve their tax privileges, but have been opposed by the US Treasury and other

hotel companies that do not enjoy special tax status.

Yesterday they seemed to accept the inevitability of new legislation. Barry Sternlicht, Starwood's chairman, said the company would continue to argue for its position, but would also "evaluate all alternative corporate structures" and examine its future dividend policy.

Paul Nussbaum, chairman and chief executive of Patriot American, took comfort that Congress appeared ready to allow the completion of pending transactions.

"We have confirmed with Patriot's outside counsel that each of the Interstate, Arcadian and Summerfield acquisitions, as well as certain other pending acquisitions, are protected by the transition relief," Mr Nussbaum said.

Congress legislated to end the proliferation of paired share Reits in 1994, but a handful survived, and recently started using their tax advantage to expand.

## Thai bank offer raises record \$857m

By Ted Barnard in Bangkok

Thai Farmers Bank, Thailand's third-largest commercial bank, has raised B230m (\$57m) in an international equity offering, the largest amount ever raised by a Thai company and the biggest Asian equity issue this year.

Thai banks are in the middle of an ambitious programme to raise B200bn a year for the next two years to shore up their capital positions and meet tough new provisioning requirements, according to the Thai central bank.

Most of that capital is expected to come from foreign investors. The Thai Farmers issue was sold to foreigners, who now own 49 per cent of the bank. The controlling Lamsam family saw its stake diluted to well below 10 per cent.

The sheer size of the issue - more than double the amount previously raised by a Thai company - scuttles speculation that foreigners are not willing to bail out much of the Thai banking system. Bangkok Bank, Thailand's largest bank, recently announced a similar offering to raise at least as much as Thai Farmers.

"There were a lot of sceptics out there... but there was a very strong response," said Steven Wisch, managing director of Asian equity capital markets for Goldman Sachs, lead underwriter of the issue. "This bodes well for other companies."

He added: "Not every bank will be able to come to the market like this. Investors are now selective. They won't buy just anything."

Analysts were divided over whether Thai Farmers had raised enough capital to keep it from returning to the market next year. Benchoon Lamsam, president of Thai Farmers, told fund managers during the offering that the bank would not come to the market again soon.

"Is it enough for this year? Yes. Is it enough for next year? Probably not," said Russell Kopp, head of research at Dresdner Kleinwort Benson. "They don't know where the economy or the currency is going so they can't stand on a stump and unequivocally say they won't come back to the market."

See Lex

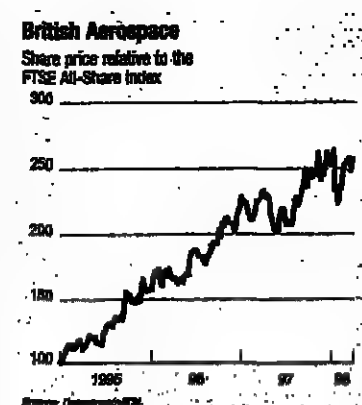
## THE LEX COLUMN

# Defence dawdle

Consolidation of the European defence industry remains as elusive as ever. Yesterday's joint statement by the Airbus partners - British Aerospace, Germany's Dasa, France's Aerospatiale and Spain's Casa - is hardly the promised roadmap towards a new industry structure. So the ball has been batted back into the governments' court, with none of the urgency shareholders should demand.

Sure, it is good the four companies recognise the merits of merging their businesses into a single European aerospace and defence company. Few can dispute the pressures on the European industry posed by consolidation in the US defence sector. For the French, however, this big bang approach remains less desirable than a piecemeal consolidation through joint ventures or building on to Airbus product-by-product. Agreement in principle on a unified management structure is good, too, although French insistence on having separate national teams working on certain projects will not ease rationalisation.

But the outstanding problems are considerable. Foremost is the contrasting ownership of the major players. While British Aerospace and Dasa are privately-held, state ownership of Aerospatiale remains the main block to progress. Unless the French government makes a binding commitment to its privatisation within a defined period, British Aerospace and Dasa should not hesitate to move ahead alone - either to exclude Aerospatiale or explore transatlantic options.



mitted a number of similar deals.

Thai Farmers issued equity at a small premium to notional book value, but the accuracy of this figure is debatable. Depending on one's assumptions about the outlook for the economy, collateral values and non-performing loans, the true figure may be much lower. In the event, B288 per share was roughly in the middle of a very wide range of valuations.

For investors, there is a further issue. Even if they have made a good call on the Thai economy, have they chosen the right sector? Historically the better Thai banks have made excellent returns. But foreign competition may well usher in a different era.

## Mexican banks

Just when the Mexican financial system at last appears to have regained stability, the government proposes to change the law to allow foreign ownership of its biggest banks. Foreign institutions such as Citibank of the US and Santander of Spain have already bought smaller banks, as permitted under existing rules. Now they can choose from a tastier menu.

Allowing broader foreign ownership is a logical development. Mexico's situation may not be as pressing as Thailand's but the principles are similar. Foreign capital flows allow for the recapitalisation of weak banks without resort to state or scarce domestic funds. Moreover, they hasten the arrival of a more transparent, competitive banking market which benefits both consumers and the broader economy.

Who will come to the party? European and US banks seem to have recovered an appetite for emerging markets. Of the three big Mexican banks now likely to become available, Serfin is the closest to being snapped up. HSBC, which already owns banks in Brazil and Argentina, has a 20 per cent stake, and could buy out JP Morgan, whose 8.8 per cent stake is a financial rather than a strategic holding.

Whether Bancamer and Banamex will be bought is less certain, but there are potential bidders. Spain's BBV and Santander, which already own smaller banks, may look to consolidate their positions, and Americans like Chase and Bank of America are also sniffing. With Mexican banks trading at book value, compared with 3 or 4 times book in the US, the price is certainly right.

## Thai Farmers Bank

Are the foreign investors who put \$857m into Thai Farmers Bank visionaries or dupes? For Thailand itself, of course, an equity infusion of this magnitude is excellent news.

Not only does it provide much needed foreign capital but it is a strong vote of confidence in Thailand. As such, it should help ease the country's financial plight by allowing for an easing of interest rates and a recovery in the currency. It is good news for a further reason: an infusion of foreign money avoids the state, and hence taxpayers, having to pick up the tab for recapitalising the banking sector. Thai Farmers' management is doubtless also pleased at having raised equity without the encumbrance of a strategic minority shareholder. What sort of a deal, though, has it struck? That depends on how much the bank is worth, and valuation in the current environment is no easy task. Indeed, valuation disputes have stymied a number of similar deals.

## Diana

Is Diana the next Mickey Mouse or Virgin? The commercialisation of the late princess - with her signature being imprinted on Flora margarine and suggestions for a Diana children's doll - is essentially an exercise in maximising the value of a brand. Diana was associated with such a broad set of values that her name could potentially be applied to many different products and services, just as Richard Branson does with Virgin. Besides children's dolls and food products, suggestions might include women's wear, cosmetics or even an animated movie.

To some, this is bad taste. But if, say, Disney were responsible for the brand, it would be very careful not to use it on unsuitable products for fear of undermining the brand's overall value. One step would be to define what indeed the brand stood for.

# Rival bidders raise stakes in battle for Metromail

By William Lewis in New York and Peggy Hurlinger in London

The transatlantic battle for Metromail stepped up a notch yesterday with rival bidders Great Universal Stores of the UK and American Business Information increasing their offers for the Illinois database marketing company.

GUS raised its \$31.50 a share bid to \$34.50, valuing Metromail at \$910m. American Business Information immediately responded by indicating that it intended to increase its \$33 a share bid to at least \$34.75 a share, or \$918m including debt. ABI declined to comment yesterday, but people close to the company said that on Thursday night it had indicated to Metromail that it would bid 25 cents a share higher than "any other bona fide bid". Metromail said it was "continuing to study the ABI proposal".

Yesterday, the Delaware

Chancery Court heard evidence in a legal action filed by ABI. The lawsuit attempts to halt the GUS-Metromail agreed takeover and accuses Metromail management of failing to hold a fair auction process thereby breaching their fiduciary duty to Metromail shareholders.

It also accuses GUS of knowingly aiding and abetting the alleged breaches of duty by Metromail's management.

Metromail also said yesterday that GUS had agreed to its waiving of the provisions of the standstill agreement between Metromail and ABI. In a recent Securities and Exchange Commission filing, Metromail disclosed that, in a letter dated February 24, ABI's lawyer had indicated that the company would pay at least 25 cents per share more than any other bona fide proposal. However on March 12, Lehman

Brothers, Metromail's investment banking adviser, was told by ABI's financial adviser that during the due diligence it had become aware of several items that it and ABI believed "had a negative impact on the company's value".

Analysts in London said the increased offer for Metromail set a dangerous precedent for GUS on its hostile \$1.6bn cash bid for the catalogue retailer Argos. Investors were certain to think that if GUS were prepared to chase Metromail, it would be even more determined to win Argos, and that would mean a higher offer. "It must be absolutely feeding into the hands of the Argos advisers," said one.

Argos is expected to announce a share buy-back of more than \$350m next week - the equivalent of 20 per cent of its closing market value yesterday - which will put further pressure on GUS to increase its bid substantially.

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## Markets Latest

FTSE 100	2836.2	(+3.7)
Nifty	274	
FTSE Europe 500	1214.48	(+7.23)
FTSE All-Share	2785.44	(+0.9%)
Nikkei	10738.38	(+41.28)
New York S&P 500	888.82	(+0.27)
Dow Jones Ind Ave	1087.78	(+0.27)
S&P Composite	1087.78	(+0.27)
US DOLLAR INDEX	72.5	(+0.27)
S&P 500 Volatility	1.01	(+0.02)
Life long gilt 10	101.02	(+0.02)
US 10 YEAR TREASURY	5.5%	
Federal Funds	5.5%	
S-Treasury Bill Yld	5.504%	
Long Bond	101.02	
Yield	5.504%	
US 10 YEAR TREASURY	5.5%	
Federal Funds	5.5%	
S-Treasury Bill Yld	5.504%	
Long Bond	101.02	
Yield	5.504%	
US 10 YEAR TREASURY	5.5%	
Federal Funds	5.5%	
S-Treasury Bill Yld	5.504%	
Long Bond	101.02	
Yield	5.504%	

## Weather

### Europe today

Western Scandinavia will be mild but will have some rain by the end of the day. The rest of Scandinavia will stay dry but cloudy. The Balkans and western Russia will be cloudy, but further east will have sun. The Low Countries will be cloudy with drizzle but very mild. Most of central Europe will be fine with sunny spells. It will be unsettled across most of Spain and Portugal with heavy rain. Italy will be dry and sunny. Greece will start cloudy with showers, but it will become drier and brighter.

### Five-day forecast

The western half of Europe will continue to be mild but unsettled with spells of rain affecting western areas over the weekend and into next week. Much of eastern Europe will become settled with plenty of sunshine. The Mediterranean will be fine, but it will remain cool in the east.



Situation at midday. Temperatures maximum for day. Forecasts by TA WEATHER CENTRE

TODAY'S TEMPERATURES	High	Low	Weather
Madrid	24	15	Sunny
Barcelona	24	15	Sunny
Valencia	24	15	Sunny
Seville	24	15	Sunny
Granada	24	15	Sunny
Alcala	24	15	Sunny
Alcala	24	15	Sunny
Alcala	24	15	Sunny
Alcala	24	15	Sunny
Alcala	24	15	Sunny

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Tomorrow 9.30pm - 11.30pm CET at Pinnacle Europe we join Johnnie O'Connell at Nokia

10.00am (11.00 CET) World News

10.30am (11.30 CET) World Sport

A half hour sports news programme featuring highlights from rugby to cricket, hockey to sky diving.

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Paradise lost

'Toni Morrison's characters are incoherently conceived and at the mercy of sensational plot requirements'



Cash cows

'The public is indoctrinated into buying low-fat products. We profit by selling the cream we skim off as clotted cream'



Cemetery soliloquy

'An hour passes in which Karl and I have the place to ourselves. Then a man spends 20 minutes staring at the bust'

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# Goya's last caprice

Robert Graham seeks to unravel a macabre mystery – the disappearance of the great Spanish artist's skull

**T**he cemetery of La Chartreuse in Bordeaux is an unlikely place for a great mystery. Elaborate memorials and grand family vaults are ranged on either side of long neat alleys. Inside the high walls of the former monastery garden, the sense of tranquillity is pervasive. Yet this cemetery has been privy to one of the most macabre unsolved mysteries in art history – the missing skull of Francisco Goya, the great Spanish painter.

Goya, who died in exile in Bordeaux in 1808, was buried at La Chartreuse. Fifty years later when his remains were exhumed for repatriation, Don Joaquín Pereyra, the Spanish consul, noted with amazement: "In a zinc-lined coffin there were human bones but absolutely no sign of the head."

The curious absence of Goya's skull was hushed up when his remains were brought back to Madrid in 1900. The first public admission of this extraordinary circumstance emerged only in 1919 when Goya was finally laid to rest in the church of San Antonio de la Florida. The official record stated: "The skeleton lacks the head because, according to tradition, on the great painter's death, his head was entrusted to a doctor for scientific study and was never returned at the time of burial. This was why it was not found at the subsequent exhumation."

This brief explanation attracted little attention because there was considerable embarrassment about repatriating the incomplete remains of a national icon. Since then the mystery of Goya's skull has passed off among academics as an insignificant detail and has been ignored by all but one fanciful book.

Today the caretakers at La Chartreuse get a few curious questions which are shrugged off with what seems a standard response: "Goya's head? ... Bouff."

All the known archive material is available in a small museum created out of Goya's last residence in Bordeaux (currently being modernised by the Spanish government). But the essential questions about the disappearing head are left unanswered by the documents. And to understand what might have happened, one has to go over Goya's final four years when he came to France in 1804 at the venerable age of 73.

Ostensibly, he left his beloved Spain for health reasons to take the waters. But like several Spanish liberals, he chose self-imposed exile to avoid the repressive climate in his own country. "He arrived deaf, old, clumsy, frail and without a word of French or a servant (him of all people) yet so happy and eager to see people," Leandro Moratin, one of his close friends, wrote in a letter.



Soon, however, Goya was joined by Leocadia Velaz Zorrilla, his housekeeper. This spirited 36-year-old was to play a crucial part in the subsequent mystery. Leocadia was distantly related by marriage, being a cousin of Goya's daughter-in-law. Orphaned at an early age, she had grown up a highly emancipated woman with a strong temper. The artist is believed to have set eyes upon her when she was 17, attending his son's wedding in 1806.

Though she married a Madrid jeweller of German extraction in 1807, she could well have become Goya's mistress even before this. Within four years Leocadia was being accused in the courts of infidelity and they separated in 1811. A year later, when Goya's wife died, Leocadia moved in to become his housekeeper. Her closeness to the artist was evident in the charming and slightly enigmatic portrait Goya executed on the walls of his Madrid country retreat along with his famous series of "black paintings".

The relationship had the convenient alibi of a poor distant relative brought in to run the ageing great master's household; but within Goya's circle she was accepted as his companion-mistress. Indeed two of her children, Guillermo and María del Rosario, who accompanied Leocadia to Bordeaux, were suspected (probably wrongly) of being fathered by Goya. In Madrid's increasingly moralistic climate their relationship had become problematic.

It was also a source of considerable friction between Leocadia and Javier, Goya's son and heir. Javier was extremely jealous of Leocadia's hold over his father and his indulgence towards her children. In early 1828, Goya suffered a stroke which left him half-paralysed. Then at two in the morning on April 16, he finally passed away. Numerous close friends, as well as Leocadia, were present at his death-bed. An engraving by Francisco de la Torre, a minor Spanish artist, portrays the dead Goya lying on an empire bed with the top sheet turned down

over his chest: the head clearly attached. The engraving was produced from a drawing done at the time by Antonio de Brugada – a Goya disciple recorded as present at the artist's death. On April 17, a day after he was certified to have died, a funeral service was held at Notre Dame church behind his third-floor apartment in 57 Cours de l'Indépendance. His coffin was thence taken to the Chartreuse cemetery. He was placed in a vault owned by a family of prominent Spanish bankers who had three years earlier permitted the burial of Goya's fellow-exile and relation by marriage, Martín Goicoechea.

Goya's son, Javier, appeared a few days after the burial, mainly concerned with tidying up the rich inheritance. Leocadia had been left nothing in Goya's will. By all accounts relations were frosty with Leocadia as Javier proceeded to

organise the removal of Goya's personal effects and studio work. Leocadia ended with a tiny personal allowance from Goya's estate and one of the maestro's best-known last works, "The Milkmaid". The two never communicated again, and Leocadia is next heard writing to former acquaintances as well as to the French interior ministry for financial help.

Goya's son showed little interest in his father's grave. Both the funerary monument and inscription were organised by the artist's friends, who inexplicably had Goya dying in the wrong month of May and giving his age as 65.

The discovery that Goya's head had disappeared came by chance. Don Antonio Pereyra, the Spanish consul in Bordeaux, had taken to visiting the Chartreuse cemetery after his wife had been buried there, and was so

appalled by the state of abandon of Goya's grave that he determined to press his government to repatriate the remains.

When Pereyra finally opened the vault in 1888, he found two coffins of identical length. Aware that Goya was buried alongside his friend Goicoechea, he nevertheless had no idea how to identify his coffin. Both had to be opened, and one skeleton was complete, the other had no skull. Which was Goya's?

Pereyra concluded that the headless skeleton was probably that of the artist for three circumstantial reasons. Goya's coffin had been placed last in the vault and the skeleton without a skull was in the coffin nearest the entrance. Secondly, this coffin also happened to be zinc-lined and the shape of the bones seemed similar to Goya's large frame. Finally, the coffin contained a fragment of silk cloth thought to be from the artist's cherished beret which, it is believed, was buried with him.

"It seems the coffin has never been opened since we found no sign of the lower jaw or teeth," Pereyra reported. This observation was crucial since he was certain a tomb-rover or other tampering with a skeleton would have inevitably caused damage. He then added: "We therefore came to the conclusion Goya was buried already decapitated, perhaps by a doctor or by some eccentric collector."

Yet Pereyra was sufficiently uncertain to seek instructions from his government in Madrid. There followed a ghoulish diplomatic exchange. "Skeleton of Goya has no head!" cabled Pereyra. "Send with or without head!" came the imperious reply.

On several occasions the project foundered and it took 11 years to organise. In that time the two skeletons had to be reburied at least twice. When approval eventually came, the Spanish authorities deemed it expedient that Goicoechea accompany Goya. He did so even to Goya's final resting place in San Antonio de la Florida in Madrid – with the fine detail that he was interred three hours before Goya in recognition of his death three years before the artist.

The skeletons were under official Spanish control before final entombment for 20 years without being subjected to forensic tests. Goya was simply assumed to be the one without a skull. If this was correct, how did he lose his head?

The starting point has to be Pereyra's opinion that the coffins had never been touched. Six other officials were present at the initial exhumation, including the Bordeaux police commissioner. Without evidence of tampering, it was reasonable for those present to believe Goya was buried already decapitated. The signs of removing the head after burial would have been visible on the skeleton or in the coffin, and probably detectable from the shape in which the bones lay.

On these assumptions, Goya's head was removed in the 24 hours between his death and the beginning of his funeral service at the church of Notre Dame.

The engraving of the dead Goya lying in bed shows the top of his head already swathed in white cloth, suggesting he is shortly due to be placed in a coffin. Thus if the head had been removed before burial, it would have been done by someone familiar to the Goya household and well organised.

Pereyra has left no explanation why he felt the head had been removed for scientific purposes; but it was not an improbable suggestion. Phrenology studies had become fashionable in the early 19th century following the breakthroughs made by Franz Joseph Gall, the German anatomist working in Vienna. What better opportunity for science than studying the brain of a great

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**The only certainty is that those who know the secret have taken it to their graves**

man who possessed such a fertile imagination full of dark irony about the human condition?

Leocadia's attendance on Goya and the number of visitors at the apartment tends to exclude the possibility of a curious Bordeaux doctor sneaking in and walking away with the genius's head. Indeed, suspicion must fall on Leocadia for being at least partly to setting up the scheme to remove Goya's head for scientific study – and with the prior consent of the great man himself.

Neither Leocadia nor Goya had religious scruples. Interestingly there is no record of Goya being administered the last rites.

Goya's final work in Bordeaux showed he could easily have reached this decision. A drawing of a bearded old man with an impish glint has the caption, "I'm still learning". Another shows an old man laughing at life from a swing, and an even more symbolic one depicts a corpse feeding its decapitated head captioned, "Great folly". Certainly one can imagine Goya's black humour being tickled by the idea of this ultimate caprice, which recalls the inventive style he developed in a disturbing series of engravings at the end of the 18th century.

These suppositions have to be squared with a dramatic revelation made in 1928 during the celebrations of the centenary of Goya's death. A painting purporting to be of Goya's skull and dated 1849 was found in an antique shop in Zaragoza with an inscription by a well-known collector – *Cranio de Goya, pintado por Ferras* ("Goya's skull painted by Ferras"). In other words, someone knew of the missing skull before the sealed vault was opened in 1888.

Ferras was a minor 19th century artist. He was born in 1817, a year before Goya's death, and established himself in Madrid in 1841. However, there is no evidence that he travelled abroad until much later than 1849, and the discovery of the Ferras painting was just too fortuitous to be credible. It could only be genuine if Goya's skull had somehow been preserved in secret all the years since decapitation.

Hoax or not, one is still forced back to the conclusion that Goya was decapitated before burial. Why then should his head disappear? Would a scientist not be proud of such a macabre specimen? The only certainty is that those who know the secret have taken it to their graves.

Neither Leocadia nor Goya had religious scruples. Interestingly there is no record of Goya being administered the last rites.

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Joe Rogaly

Tree of knowledge

'We persist in our belief that given more information people would behave rationally'

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## NEXT WEEK

Plain English

'The charade must end. The world will never be multilingual. English is it'

In FT Weekend



PERSPECTIVES

Minding Your Own Business

# Standing back from the herd

A dairy farmer wanted to lessen his dependence on milk quotas. Tom Linton reports

It has been a tough five years for Bill Clarke since he started selling milk from his 500-acre farm in Cornwall direct to retail outlets. His aim was to reduce his vulnerability to political change in the milk quota system. The day-to-day reality was that he had to pour money into the enterprise to keep pace with its voracious appetite for capital. His initial outlay of about £35,000 has already leapt to more than £300,000.

He admits his decision to sell to retailers turned him from being "an ordinary farmer" producing milk for the bulk market into a businessman on a treadmill. If he had known at the outset what would be involved he would not have made the change, he says.

After the first six months, trade in his Greyhound products, named after his farm, grew slowly but costs increased alarmingly. He wrote to his customers - mostly corner shops and garages - to say he was closing the business and give them time to find a new supplier. His largest customer immediately trebled its order. So he decided to soldier on but, in spite of improved sales, seriously considered giving up at least three times.

"The figures didn't add up," Clarke says. "We didn't have the volume to justify the additional investment needed to sell direct to the public. You have to buy so much equipment to do the job properly and to satisfy the regulatory bodies. It didn't justify the time and effort."

At the time, his direct sales were less than a quarter of his production of nearly 2m litres a year. Today, they are almost a third and growing. The rest of his production is sold under a bulk contract. "It takes so long to build up the market. Each time you increase sales you find you have to buy more expensive equipment to cope with the increased production, and then you find it's not making enough profit to justify the outlay and so you have to double production. Then you have to invest in more kit, and so on."

If that sounds like a typical farmer grumbling, recent capital investment figures put things into perspective. Last year, he spent £22,000 on two refrigerated stainless steel holding tanks,



Bill Clarke: "If the politicians in Brussels abolish the quota system, my investment will be worthless. That's why I changed direction"

£21,000 on a refrigerated lorry, £38,000 on extending his dairy and providing a cold room, £9,500 on improved bottling and sealing equipment, £3,000 on a lorry and crate washing bay, and £4,500 on a butterfat tester. He needed a substantial loan and overdraft secured on the property to fund the total.

This year, he expects to buy two more storage tanks and three more refrigerated lorries as a result of acquiring Trewithen Farm Foods, a Cornish business selling clotted cream, ice-cream

and yoghurt. He has since sold off the ice-cream side of the business to a local manufacturer. Finding capital to expand may be one difficulty but 43-year-old Clarke admits his thoughts are more dominated by the quota system, which he sees as a mixed blessing. It guarantees dairy farmers a controlled market but, for many, there is a high price to pay. They have to buy or lease additional quota from other farmers to achieve economies of scale. Initially, quota costs £2p a litre to buy, a considerable outlay when

dealing in thousands of litres as Clarke does. For every litre of quota they own, farmers are allowed to sell one litre of milk a year. If they produce more than their quota and try to sell the surplus they face punitive financial penalties. When he first moved from land in east Devon to his farm near Bodmin in 1985, his quota was slightly more than 500,000 litres. Today it is nearer 2m. He bought the additional quota gradually out of profits. He estimates that about half the capital investment

in his business is tied up in quota. "If the politicians in Brussels abolish the system, then my investment will be worthless. Nobody will want to buy it. That's why I changed the direction of the business," he says. "I thought that the time to build up the business of selling direct was when profits from milk production could stand the losses that would inevitably arise in the early stages, rather than when milk prices were low following quota abolition. I now feel less vulnerable to

the whims of the politicians. The alternative to retailing would be to sell in bulk. Then the milk price would be at risk of a drop if quotas were abolished; UK milk production would soon rise by 10 to 20 per cent. He has built up his direct sales by cold-calling potential customers. "It means parking outside shops with samples and convincing them they will be buying a good local product. People like the fact that they know they are dealing with the boss and that I cannot pass the buck. I try to get through to my customers how well we look after our animals. We use no hormones and no routine medication. We recycle all the slurry and farmyard manure to provide 80 per cent of our fertiliser needs and grow a large proportion of the food the cows eat. Clarke delivers milk and clotted cream seven days a week within a 20-mile radius of the farm and, since buying Trewithen Farm Foods at the end of last year, delivers clotted cream and other value-added dairy products in an area between Plymouth and the Isles of Scilly. The purchase included the customer base, goodwill, and packaging and labelling equipment. He also took on Trewithen's five staff in addition to the 15 people he already employs. His turnover from direct sales before the acquisition of Trewithen was about £400,000.

"Our speciality is clotted cream. Because the British public is indoctrinated into buying low-fat products, such as skimmed and semi-skimmed milk, we have an opportunity to profit by selling the cream we skim off as clotted cream. This has greater value," he says. "People like to give cream as a present and so we sell quite a lot by post."

But Clarke is optimistic: "This is a difficult market to break into and I've put an awful lot of investment and time into the business. In spite of the difficulties and my reservations over the past five years, I can't say that I still regret doing it because I've now got an exciting prospect of building the business into something worthwhile, but I wouldn't like to go through the last five years again."

■ Greyhound Farm, Lostwithiel, Cornwall PL22 0LW. Tel: 01208-872214; fax: 01208-873632

## The Nature of Things

# When hypnosis does the trick

A sceptical Andrew Derrington is surprised by the effects of hypnotherapy

One of the drawbacks of being a psychologist is that people I meet at parties tend to think that I can analyse their thoughts, interpret their dreams or hypnotise them. This can be frustrating when they shun me for fear that I might subject them to my supposed mental powers. It is infuriatingly tedious when it makes them recount details of their dreams to me in the expectation that I can predict their future.

Not only am I unable to practise these mystical mental arts, I am deeply sceptical about their existence. I come from the hard-headed, unromantic end of psychology: I am a neuroscientist. To me, the mind is nothing more than the observable operation of the brain, which I see as an immensely complicated but ultimately understandable machine, a sort of biological computer. I approach the brain and its mental phenomena on a purely mechanistic level.

Why then am I writing about hypnosis - widely, though incorrectly, regarded as the exclusive domain of tricksters and showmen? Hypnosis is attracting medical respectability and scientific interest. But my interest in the subject starts closer to home, with Hilda, my 86-year-old mother-in-law.

Hilda is not one to be taken in by psychological showmen although she lives in rural Northumberland, she comes from Oldham where people are pretty shrewd. But she has recently been treated by a hypnotherapist for irritable bowel syndrome (IBS), a painful and distressing problem that has dogged her for 40 years, resisting a huge range of conventional drugs. And hypnotherapy seems to have worked.

Although its scientific basis is shrouded in mystery, hypnosis is gaining support among doctors who deal with psychosomatic and stress-related illnesses.

It is an increasingly popular and effective treatment for IBS, in which painful and incapacitating bowel symptoms are triggered by mental stress and worry. "I am impressed by the effects of hypnosis on patients," says Kenneth Heaton, an expert on IBS at Bristol University.

But a hypnotherapist should be chosen with care. "Most hypnotherapists are charlatans," says Robin Leighton, who treated Hilda. Patients should rely on the recommendation of a doctor, as there are more than 120 schools of hypnotherapy in the UK with a very wide

range of different standards. Leighton, who specialises in treating IBS and pain, studied hypnotherapy in the 1960s after being treated by a hypnotist for a back injury that had forced him to retire from his previous job in merchant shipping. Completely sceptical, but crippled by persistent pain that resisted all drugs, he had consulted a hypnotherapist as a last resort. The results were so impressive that he was inspired to take up hypnotherapy as a career.

The essence of hypnosis is that the therapist uses monotonous repetitive stimuli - usually instructions delivered in a controlled voice, which can be combined with visual stimulation - to persuade the client to relax completely. Once the client has relaxed, the therapist can talk to them further in a way that helps them to develop control over their problem. In Hilda's case, learning how to relax in the face of stressful or worrying

events that would otherwise trigger painful IBS symptoms has transformed her life.

Despite its effectiveness, hypnotherapy has been kept on the fringes for more than 900 years by failure to win scientific respectability. Although the extravagant and implausible claims of charlatans have not helped in this, sometimes the scientists failed because they took the hypnotists too literally and produced the right answer to the wrong question.

In the 18th century, Franz Mesmer, to whom we owe the verb "mesmerise", claimed that the important ingredient of his therapy was a magnetic force channelled through the hands of the therapist. He was discredited and disgraced by a French royal commission which showed that no magnetism was involved. But this ignored the real question of whether the therapy itself was effective.

Even today there is a tendency for scientists to be dis-



tracted by what seem to be details. A long-standing controversy is whether the "trance" that the hypnotist's subject enters is a distinct physiological state or simply a state of drowsy relaxation. Conventional monitoring of body and brain activity gives no reliable clue, but nobody can guarantee that conventional measurements would reveal a trance.

However, clear progress is being made in refuting extravagant claims that hypnosis endows superhuman abilities on its subjects. "The idea that you can use hypnosis to recover memories is pretty much discredited now," says Alan Gauld of the psychology department at Nottingham University. "People may tell you more after hypnosis, but the extra

material is unreliable," he says.

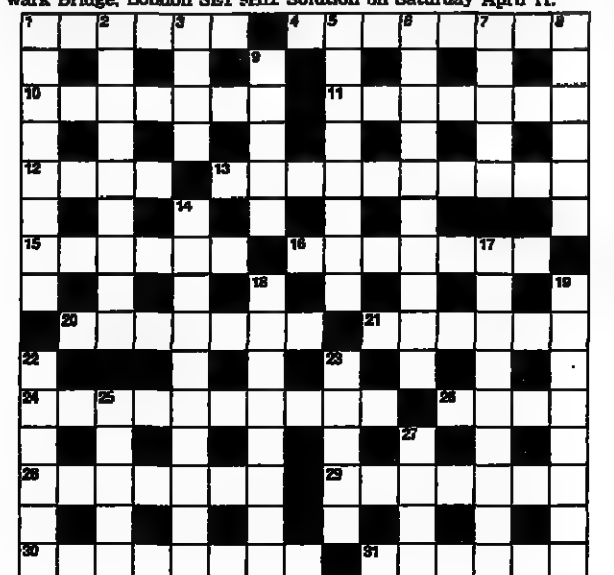
At the same time, regard for the achievements of hypnotherapists is developing among hard-headed neuroscientists. I have to admit that if hypnosis works on Hilda, there must be something in it.

■ The author is professor of psychology at the University of Nottingham.

## CROSSWORD

No. 9,643 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday April 8, marked Crossword 9,643 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday April 11.



Name: \_\_\_\_\_ Address: \_\_\_\_\_

WINNERS 9,631: G. Brumson, Beverley, East Yorkshire; L. McLean, Hove, Sussex; Mrs E.S. Robinson, London SE6; Mrs S. Templeton, Cheltenham, Glos; D.P. Willan, Alverstoke, Hants.

ACROSS

- Smart girl holds page: it's a knock-out! (3-3)
- Two cuts of meat and curry! (4-4)
- Viceroy's lye broken in riot (7)
- Put a vocal trio in a puzzle for 10, say (7-9)
- Some Tories are neurotic about it (4)
- Heavy laundry in the capital? (10)
- Dress a model and cause weariness (6)
- Another 10, say, for putting a circle round dead bird on road (7-7)
- Skip out in time or show (7)
- Remove appendage in particular? (6)
- A gig serves to make one belligerent (10)
- 1 down Another 10, say, for spy story writer beheaded by painter - stick around (4-8)
- Soothing preparation to turn into chap such as Annan (7)
- See 16
- Skipping? Love the task (8)
- Female free always: when is a man? (6)

Solution 9,642

DOWN

- See 26
- See 11
- No use not working (4)
- Terrific spot - the man will sink the putt (4-4)
- Steal £1 from one who eats out (10)
- Chap with painting in the middle (5)
- Some green corpuses turn up for a mythical swallow (6)
- Via... side road (5)
- Cassandra, perhaps, making sport with sheep (10)
- Ordered about by tailless monster for a single day (9)
- Cornish river battle, higher than 10, say (8)
- Symbolic tale, completely English, with plenty of violence? (8)
- Former 10, say, to transport us round (6)
- Dodge publicity during vigil (5)
- Former 10, say: £1 for a single booking (5)
- Muslim ruler to point to space station (4)

Solution 9,631

## BRIDGE

Nothing is automatic - particularly at trick one. Even when defending a modest contract with a dismal collection of tickets, simple analysis can reap rewards.

North South West  
- INT  
Expert opinion is divided over whether you should open INT with a five card major, and the proponents of each view tend to be passionate. Here, a 1H opening would have served South better, as North-South should find 2S, their best part-score.

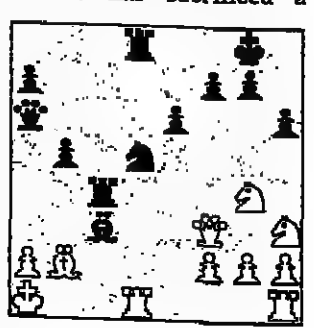
With North-South vulnerable, West did well to choose to defend rather than overcall. His 10W lead ran to East's KV. East automatically fingered his other heart, but stopped himself in

## CHESS

Michael Adams, the British No. 1, is to play a six-game, 25,000 match with Jonathan Rowson, the talented Scottish student. Good experience for Rowson, but what about Adams? The Fide world championship knock-out, where he lost only 4-5 to India's Visy Anand in the final, puts him firmly in the world top 10 with a 2694 rating, the highest by a Briton.

Apart from Anand and Bulgaria's out-of-form Topalov, all those ahead of him are ex-Soviets. Adams, still improving at 26, is the strongest player in the world from a western nation. Moreover, all the signs are that he will keep that position. So Adams should really be playing matches against top GMs. The world title is in flux, with Fide president Fyuzhinov trying to establish annual 23m knock-outs and Kasparov's rival series limited to two fellow ex-Soviets.

The ideal opponent for Adams is Anatoly Karpov, whose Fide world champion title is approaching its sell-by date. The next knock-out is planned for Las Vegas later this year, and with Karpov no longer allowed a special challenge round, few give him much chance of survival. The months till Las



knight to open up the white king. How did he force checkmate?  
Solution, Back Page

Leonard Barden



## PERSPECTIVES



Joe Rogaly

## Unhealthy fruits of the tree of knowledge

You can find few studies of the effect on our bodily well-being of the artificial substances we infuse

Watch out for omniscience. It will blow our minds. We shall soon be able to identify every particle of the human body, gene by gene. We think we know the origin of the universe, give or take a split second at the very beginning.

We are ever more certain of how each of the planet's species evolved. Now we learn that it costs \$2.8m to raise an affluent American couple's child to maturity. A sixth of that covers four years at Princeton.

So what else is new? Before long we will have eaten all the apples on the tree of knowledge. Information about absolutely everything will be at our fingertips. We humans cannot hope to manage so much material on our own. Our slaves, supercomputers, will store all the facts in

the universe on great big hard discs, or solid-state cubes as in sci-fi movies.

The question is, will we make better decisions? Not many, our cynics may mutter, maybe none. The above estimate of the price of keeping a newborn for 31 years is taken from this week's US News & World Report. It includes \$1.9m in parents' earnings foregone.

There you have it. The spiritual balance sheet is not calculable. Be our computer ever so powerful, we can never know the emotional cost of having or not having offspring. Omniscience denotes knowledge, not understanding.

This has been demonstrated by dealers in money and securities ever since the ticker-tape first began belting out prices. In theory, you had transparency, a

perfect market. It did not prevent the crash of 1929. Today the world's electronic bazaar trades in shares, currency, bonds, fruit and vegetables, and bet on the future of all of the above.

Screens tell every broker everything there is to know at the same time. True perfection? It did not stop the Asian crashes of 1997. Clearly, the markets are not yet quintessentially perfect. Participants do not know what is going on inside each other's heads. The one or two telepaths in the business - a George Soros here, a Warren Buffett there - are big winners, but even they sometimes lose.

Happily, it takes more than a few market crashes to discourage incorrigible idealists like you and me. We persist in our belief that given more information people would behave rationally.

Consider Wisconsin, which has become everyone's favourite laboratory for schemes of welfare reform.

The state's department of natural resources has been working with its counterparts in nine other states to collect government-corporate data on changes in the environment, the economy, the community and how they interact. The learned talk is of "eco-metrics". Thrilling.

It would be even more marvelous if we could draw useful conclusions from some of the data already in our possession. Take human health. You can find many discipline-specific but few joined-up studies of the effect on our bodily wellbeing of the artificial substances we now infuse.

The list is long. Organophosphates and pesticides are used by farmers and ingested when

we eat their produce. Food is genetically altered. Noxious gases linger in the air we breathe. We are vaccinated, fed antibiotics in meat and medicines, persuaded to swallow ever more esoteric pharmaceuticals.

Each of these elements has met the immediate needs of patients and consumers, received the blessings of regulators, proved profitable. Yet scientific miracles plus modern life may, in combination, do us harm.

New, unexplained, illnesses are in the air. The bugs we once zapped with penicillin and its successors are regaining lost ground. Some of us are overworked, under high stress, adrift from our family moorings, inexplicably disturbed.

There is a gap in the knowledge/understanding market here. A purpose-built institute

might fill it. It would collate all the data about all inputs into our physiognomies to see what that tells us of their effects, singly and cumulatively. My proposal is for a permanent, global, cross-disciplinary centre of research into the effect of human progress on human health.

This is no small proposition. It would require an effort equivalent to placing man on the moon, a companion to the human genome project. It would best be undertaken by government, at arm's length from the usual suspects. Suspects? You know who I mean. Think of our global chemical, agribusiness and pharmaceutical corporations. Their products have fed and cured millions of people. But we are talking about collateral damage here.

Studying this is a task for supercomputers plus disinterested scientists. It would not be easy to bring these expensive ingredients together. The European Union, which partly funds a molecular biology project based in Heidelberg, would be a natural sponsor.

The EU is subjected to the malign machinations of interest groups, but it may be the least-compromised place to go. The US government could do the same service - in theory, lobbyists permitting, with a different Congress, in a good year, with a fair wind behind it.

This is the trouble with information. The more there is, the more it can be manipulated, made to mean what its handlers want, turned to advantage. When humans plus computers contain as many gigabytes of data as gods, heaven help us.

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Helmut Schmidt bestrode the world. But, he tells Peter Norman, he regrets not having become an architect

It had seemed well when I suggested a lunch with Helmut Schmidt. Germany's last Social Democrat chancellor and the man who preceded Helmut Kohl in office. His personal assistant was encouraging. She suggested that he might like to eat in a classy restaurant near his Hamburg office.

In the event, the venue was his office. I entered. An open bread roll topped with what may have been a slice of smoked turkey was perched on the edge of his desk next to a well-used ashtray and a small turquoise plastic box, which turned out to be a snuff dispenser. The roll, untouched during our talk, was the nearest the 78-year-old former chancellor got to serious food.

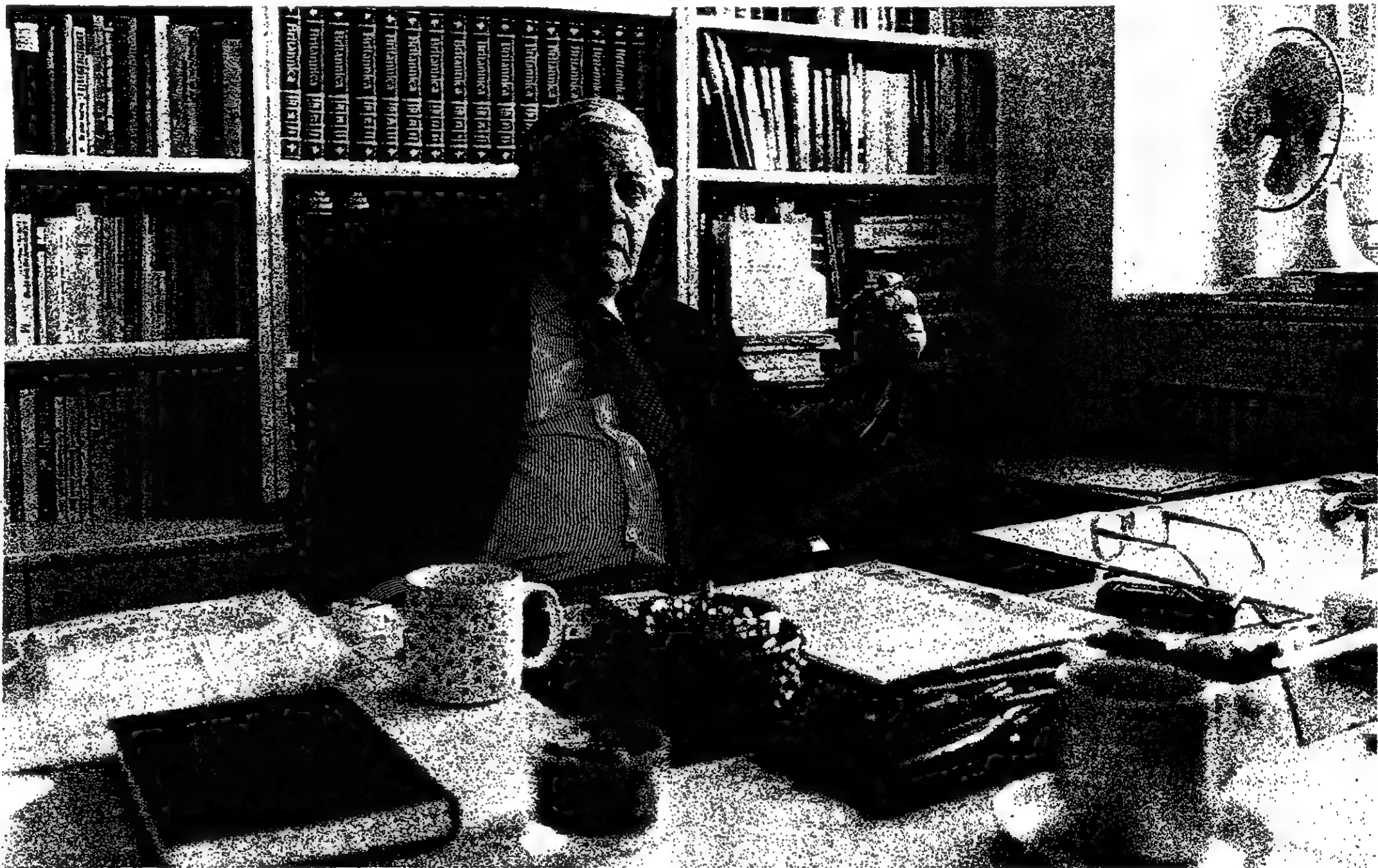
I gently outlined my hopes of a convivial conversation, knowing that he was not a man to suffer fools and that, on occasion, I could pass as one. "Let me tell you in advance. I will not talk about the German electoral campaign. It's not my business. And if you want to hear some niceties about Herr Kohl and about Herr Lafontaine (the Social Democrat leader), I assure you, you won't hear anything."

This was not my first encounter with Helmut Schmidt. I had worked as a reporter in West Germany during the 1970s when he was chancellor. I was impressed then by the way he protected his country from rocketing inflation and mass unemployment, had dealt effectively with a serious terrorist crisis and had dominated global economic diplomacy. He was without equal. Now, to judge from the sighs and long pauses, he was finding my visit a chore if not a bore.

I mentioned how I'd seen him and Kohl discussing politics on television the night before. "I said two things that probably didn't appeal to him," Schmidt replied. "I said he had been too long in office. I believe in my heart that two times four years are enough. And I also complained - in a very friendly way - about his lack of intellectual and political leadership."

Kohl's mistakes had begun after German unification in 1990. "In the way the two German states were united economically". Those mistakes could not be corrected. "That is all split milk." Kohl's main task now was to make sure eastern Germany didn't fall further behind the affluent west. The government's other problem was unemployment. "In reality, we have 6m or 7m people who are looking for work."

Curing Germany's problems would take years, Schmidt said. But he didn't rule out there being a politician who could handle them. "There is a chance since the beginning of this month of internal renewal in the SPD." One advantage of Gerhard Schröder, the SPD's candidate for chancellor in the September election, was that he could draw on "completely different people" to form a government.



Helmut Schmidt: 'Vision in German is cloud cuckoo land. I am interested in staying down to earth'

Snuff with the FT

## The man for whom vision is a bad word

Realising we would get no further on German politics, I asked him if he had any regrets. "Me? Personally, I regret that I didn't become a town planner and architect. That was not possible after the war." A long pause. "There are lots of developments I regret but which I don't feel responsible for."

I recalled how he had been an Anglophile before turning to partnership with France to push ahead with European integration.

Was Britain's approach to Europe a matter of regret?

"England" - he referred to England and the English rather than Britain and the British - "was a serious disappointment". He had been a convinced supporter of a united western Europe since meeting Jean Monnet, a founding father of the European Economic Community, 50 years ago.

"I hoped in the 1950s that the English would be part of this. In 1957, I abstained on a vote to ratify the Treaty of Rome because England was not involved. I was strongly convinced that we would need pragmatic English statesmanship in the EEC."

"But I realised in the 1960s that this was an illusion of mine. Later I learned that Churchill, in his great 1946 Zurich speech, had called on us to work towards a European state while saying we English won't join you because we have the Commonwealth. I have realised

that the English only ever join anything at the last possible minute. They still think they can play the game of balance of power in Europe. That is an error." Anxious to cheer things up, I asked him if he was looking forward to the new century with optimism. "I have never in my life been able to consider myself as either an optimist or a pessimist. Never. I don't believe

**'I have realised that the English only ever join anything at the last possible minute'**

in that. I believe one must try to recognise and define problems, illnesses or difficulties. Then one must be able to work out a concept to deal with them. And third, you have to apply the therapy. I don't have to be a pessimist or an optimist for that."

Taken aback, I asked whether visions didn't have a role in politics. "I don't like the idea of visions or utopias. They are bad words. Vision in English is rather different in meaning to

vision in German. Vision in German is cloud cuckoo land - for me, at any rate. I am interested in staying down to earth."

And was he, I asked, confident that Germany would stay down to earth? "Just as much as the French, the Dutch, the Italians, the Spanish," he said. Then rolling the word "Romantic" around his tongue with undisguised distaste, he said: "If you really mean to ask, do you think the Germans could chase after some sort of Romantic idea, then I would answer: very unlikely."

We had touched, however euphemistically, on Germany's Nazi past. The subject brought Schmidt back to Germany's present jobs crisis. "Hitler's grabbing power in 1933 was based on two factors: the Versailles Treaty [after the first world war] and mass unemployment."

I pointed out that the unemployed are cushioned by the social security system. "Sure, sure. People don't have real material hardship but there is psychological hardship for those who want work and can't find it. That exists in eastern German towns where the jobless rate is 30 per cent. And I take it very seriously."

"I had experience of it in the early 1930s," he went on. "I was born in 1918. I have known my wife since we were 11. Her father was unemployed for seven years.

He wanted work but couldn't find it. That was terrible for a family of seven. Not the material hardship, but the psychological." It was a rare glimpse of the human being behind the public figure.

Time was running out and I remembered that I ought to ask him about America. He tapped out a pinch of snuff. The present generation in the US "knows nothing apart from Oklahoma, Texas, South Carolina and North Carolina," he declared. "It is a generation that isn't much interested in foreign policy. That is true of the House and the Senate."

"That is not so bad because there is no big crisis in the making at the moment. But it is a bit dangerous that they want to play this world power role everywhere and mediate on all possible things. A bit more knowledge of the world would be desirable."

"As far as one can see - say 20 to 25 years - there will be no war among the big powers. But there will be small wars and civil wars. And the Americans and Europeans would be wise not to get too involved in these." His voice took on a tone of incredulity. "Only an American would think he could achieve a lasting solution in the Balkans."

It was time to go. The roll was uneaten, the ashtray fuller, the snuff box emptier. I crossed the road alone to have a quick lunch.

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## PERSPECTIVES

## The enemy of the people

Washington has truly become the embodiment of film noir, says Gerard Baker

Appropriately enough in Oscar week, American film-goers have just been treated to a revealing glimpse of the changing tastes of Hollywood script writers, directors and performers. Yesterday saw the long-awaited revival of *Grease*, the kitsch 1970s take on the lost innocence of 1950s America. Though Olivia Newton-John shimmied convincingly enough in the movie and ultimately won her man, the star was John Travolta, whose portrayal of the beautiful but engagingly bashful Danny, captured the hearts of impressionable teenyboppers everywhere.

Last weekend, 20 years older, greyer and paunchier (but still dancing), Travolta opened in the movie that has already stirred early Oscar talk for 1998. *Primary Colors* is the filmed adaptation of the roman à clef by "Anonymous" (alias Joe Klein, formerly of *Newsweek*) about Bill Clinton's 1992 presidential election campaign. Travolta is Jack Stanton, the slick, womanising, cursing southern governor with a heart of gold

who also shimmies convincingly between the brickbats and mud slung by his political enemies.

It is a remarkable generational juxtaposition, seen in the career of one actor. In the late 1970s, at the height of the cold war, Hollywood performed its traditional function and offered welcome escape from the frightening and claustrophobic world of Washington politics.

In the late 1990s, film-makers cannot seem to leave the subject alone. In the past year alone, by my count, half a dozen leading box office releases have featured American politics – at least in the loosest sense. Go back to 1995 and the total quickly reaches more than a dozen. The themes developed have attracted big stars – Harrison Ford, Michael Douglas, Dustin Hoffman, Robert De Niro, Jack Nicholson – a sure sign of the preoccupations of movie-makers.

Many of the pictures have been of the grand-guignol school of film making – sensational stories of presidential sex, murder, corruption, assassinations and hijackings. But in the past few months, the tone has become more refined and the films more critically acclaimed. As well as *Primary Colors*, there was *Wag the Dog* – a satire, poorly received in the UK, about a president who invents a foreign war to distract public attention from a sex scandal.

Another, Warren Beatty's *Bulworth*, about a politician who, after an unimpressive experience with the rougher elements of society, decides to go public with the truth about his and others' lives days before an election, opens later this spring.

This modern fascination with politics as a film theme at first seems odd. The end of the cold

war has taken much of the drama out of American politics. Today's political leaders are universally regarded as smaller figures than their predecessors. And the challenges of the post-cold war era – balancing

Almost all the pictures have an unremittingly bleak view of Washington

the budget, developing a coherent anti-trust policy, tackling the long-term cost of public health and pension systems – do not easily lend themselves to dramatic cinematic possibilities.

But the key to the new excitement with politics among filmmakers is found in what these films say about it: almost all have an unremittingly bleak view of Washington and the nation's political leaders. This Hollywood cynicism is most sharply revealed by the Mike Nichols adaptation of *Primary Colors*.

While the novel left the reader in an ambiguously upbeat mood – suggesting that, for all the sleaze, Governor Stanton was really a simple man motivated by a simple decency – the Nichols version is not so kind. The impression left is of an entire political culture founded on moral turpitude.

Of course, Hollywood cynicism about Washington is nothing new. From Frank Capra's depiction of corrupt senators in *Mr Smith Goes to Washington*, tales of foreign subversion and

attempted military coups (John Frankenheimer's *The Manchurian Candidate* and *Seven Days in May*) to the ultimate vindication of that cynicism in real-life politics, Alan J. Pakula's *All the President's Men*.

But there is something different about today's portrayals. The stories are bleaker, darker, meaner. The heroes – there are, of course, still heroes, this being the movies – are more ambivalent characters. In the past, there was always a figure – often an ingenious president, sometimes a crusading congressman or senator, a young, principled army officer, or even, whisper it softly, a journalist – who played the role of the American Everyman.

It was a genre of the basic truth that, though Washington was over-run with the corrupt and the devils, this

was still the capital of the great democracy and the American citizen was represented somewhere.

In *Wag the Dog* or *Primary Colors* or a host of other films, there are no innocents in Washington – everyone is in the sleaze up to their necks. It is as though the capital city itself has become the antithesis of the country, rather than its sublimation.

As Stephen Hunter, film critic for the *Washington Post*, wrote recently, directors like Capra and Frankenheimer used the very symbols of Washington – the great marble monuments to presidents and principles – as inspiration. "To look upon them was to look upon the altar of the cathedral of democracy and to be stirred and motivated."

True to form, Hollywood seems to have hit a popular vein. In the 1996 hit *Independence Day*, the president may have been cast as the hero, leading the world against alien invasion. But in theatres across the US, the loudest cheer went up when the White House was blown to pieces by the extraterrestrials.



## Russians are coming . . . er, have come

In a decade, the number of Russians passing through London has risen at least 10 times. Arkady Ostrovsky reports

It is all Peter the Great's fault. The way he "axed" the door into England. Two hundred years ago he landed in London and was put up in Sayes Court, a rambling mansion, not far from the Greenwich meridian.

The elegantly furnished house belonged to John Evelyn, essayist and diarist, who spent 46 years building up an arts collection and laying out the gardens. At the request of King William III, Evelyn moved out and Tsar Peter moved in. A few weeks later the English owner received a letter from his loyal steward: "There is a house full of people, and right nasty. The Tsar lies next to the library and dines in the parlour next your study. He dines at ten o'clock and six at night."

The steward was discreet enough not to mention that Tsar Peter also used Evelyn's paintings as shooting targets, that he stained the carpets with ink and grease, broke the windows, burned chairs, ruined the garden and flattened the holly hedge with wheelbarrows, which Peter used for races, with him, so to speak, in the saddle.

One wonders whether this scene flashed in the memory of George V when he withdrew his initial invitation to Nicholas II to take shelter in England during the Bolshevik revolution of 1917.

Nicholas II was not the first tsar to seek asylum in London. It was history repeating itself. Ivan the Terrible wrote to Elizabeth I asking for a bolt-hole in case of an uprising and was turned down.

Russians have often seen Britain as a safe haven, first for revolutionaries and then for "counter-revolutionaries", but their passion for the place has not necessarily been reciprocated, and by playing hard to get, the city has been dreamed about all the more. It is the desire for shelter and an unreconstructed, 19th century sense of a blessed Russian nouveau riche to buy a mansion in South Kensington and send their children to English public schools.

Communism had corrupted the flow. Instead of the peripatetic, idle rich and the ambitious and the pursued, there was the occasional dissident and the spy. The collapse of communism and the rise of a robber baron capitalism has led to a sharp increase in the number of visitors, who are a mix of the wealthy on tour, students, gangsters and businessmen on the make and with a taste for expensive real estate.

In 1987, the British Embassy in Moscow received 11,500 visa applications, a figure that had risen to 98,797 by 1996. In the old communist days, the problem

was not just getting a entry visa into the UK but persuading the Soviet Union that you were worthy of an exit visa. Now, there are more Russians in London than at any time in history.

While the motives may have changed and the politics is unrecognisable, the preconceptions are still in place. London and England to Russians are traditionally associated with the notions of reliability, punctuality, gentleness, steadiness, privacy and, above all, safety. England is everything that Russia is not – the Russian language even lacks the word for privacy.

The 19th century socialist Alexander Herzen spent 12 years in London, having intended to stay only a few months. "But I slowly began to realise that I have nowhere to go and nowhere would I find such a perfect hermitage. There is no other city in the world that teaches you to do without people and accustoms to solitude like London. Anyone who knows how to live alone will not suffer from boredom in London." The contemporary Russian reasoning is generally less romantic and less hermetic, but London is still a home for the exile.

Zinoviy Zinik, a writer and broadcaster at the Russian service of the BBC, came to London after spending two years in

Israel: "Israel was too similar to Russia and I decided that if I were to become an immigrant and a foreigner, I should do so in a properly foreign country, as different from Russia as possible. The biggest difference I found was the lack of central heating and standard plugs. I realised this was a metaphor for the country. It does not have 'central

People who arrived at the height of the cold war tried to avoid contacts with compatriots

systems' and 'standards'." People of Zinik's generation who arrived at the height of the cold war tried to avoid contacts with compatriots. "Russians were extremely suspicious of each other. When I heard someone speaking Russian in a supermarket, I would immediately switch into English."

Ten years ago one could swear in Russian without the fear of

being understood. Today, strong Russian language can be heard on the streets of London almost as often as Italian or Chinese. "London po Russki" booklets are prominently displayed among "Londres..."

There are Russian grand balls and a Russian newspaper and concerts by Russian singers for mostly Russian audiences. When Sergei and Tatyana Nikitina, who set poetry to music, performed in London, her patter was in Russian: "Thank you for coming. It is nice to see so many compatriots in London. We have often performed in New York and Paris before Russian audiences, but this is our first time in London. The fact that our people are here shows that London is becoming a normal place."

Listening to her words, a scene flashes through my mind. It is 1988 and I lean against the window at Sheremetyevo airport in Moscow, jealously looking at a Scottish friend boarding a BA flight to London. As the aircraft takes off I realise that I will never be allowed on board – you can only travel outside the Soviet Union with special permission.

These days, if you plan to fly to Moscow during school holidays, avoid the last and the first day of term. The British Airways flights are school buses filled with unruly Russian children, com-

muting between their English public school and Russian home.

Even Boris Yeltsin sent his heir to study at Millfield school in Somerset, expensive and private. (The story goes that in order for Boris junior not to be bored, he was accompanied by the son of Anatoly Chubais, the deputy prime minister until last Monday, and a daughter of Valentin Yumashev, Yeltsin's chief of staff.)

Andrei, a smartly dressed 19-year-old, meets me at the entrance to CS First Boston, the investment bank, and walks to a conference room. His English is certainly good enough for a London trader, and was polished during two years at Cheltenham college, where he did A-levels in economics.

"My parents wanted me to study in England; they believed that if I left before the age of 16, I would be different," Andrei is reluctant to talk about his parents, and not surprisingly. His father was the director of all department stores in Sochi, the elite resort town on the Black Sea. His grandfather was the ideology chief at the local Communist party committee.

"I admit that my father was not crystal honest – but in business, nobody is. This does not upset me. Such is life. I do not blame my grandfather or my par-

ents; they did what they had to do. As for me, I want to help my country, and am thinking about going into politics."

Andrei's friend Sergei, who has lived in England longer, mixes Russian and English as if unsure what his real language is. He argues: "Too many people killed themselves saving Russia. I am not going to sacrifice my life for the sake of Russia's future. England is my home." But identity is a numbers game. There is something special about being one of the few and less glamorous about being one of the many, and so Russian scorns Russian.

Rock singers who were both inspired and suppressed by the Soviet regime now flee the country, unable to find an underground niche in their more open society. But will Russian rockers ever make it on the western charts? "If you want to survive, you join the mainstream or leave the country. The great thing about London is that it has no mainstream. There is room for everyone," says Sasha Titov, a musician now living in a north London council flat.

"We did not want to leave Leningrad during the Soviet time. We were visited by western journalists, there was a real buzz around us. We had our movement. After the fall of the Soviet Union, it all disappeared."

The Moslem month of pilgrimage approaches. The Hajj, that set of arcane rituals performed in the Saudi desert by a multitude of white-robed Moslems, is due to begin on April 6.

It's probably fair to say that so irreducibly have Islam and Moslems become associated in the "western" mind with a whole set of negative characteristics – everything from terrorism to general backwardness – that to a modern European the spectacle may be rather threatening, like some atavistic tribal gathering.

I think that is a very real mistake. But here's the rub: the very reasons which I believe make the pilgrimage non-threatening to non-Moslems are the very same reasons that, to put it bluntly, make it a cause of considerable terror to me.

Mine is a kind of mirror image experience to that described by Edward Said and G. N. Ghiladi, the former a Palestinian Christian and the latter an Israeli Jew of

Arab (Iraqi) extraction. Both have asserted that they are "Arab Islamic" in culture.

I suppose that makes me "Christian secular" in terms of culture and Moslem by confessional status. Maybe as a result of the minority status of Islam in Europe and the endless crises of the Moslem world, I had developed a view of Islam that was determinedly rationalist and profoundly ecumenical in outlook, and sincerely inoffensive to non-Moslems.

It was during a symposium in Germany in the early 1990s that my modern European identity, and the Islam I had fashioned to satisfy it, encountered a problem.

I was giving a particularly touchy-feely rendition of Islam to an audience of Israelis, Europeans and assorted Moslems. Just as I was beginning to feel I had done a rather good job, an Israeli rabbi, unable to contain his irritation, remarked: "Oh, so you are merely a humanistic Moslem?"

At first I was nonplussed, never having heard "humanistic" used pejoratively before. To add insult to injury, he proceeded to give a rendition of Islam which, he said, he had received from his good friend the Sheikh Ul-Azhar, an important authority in Sunni Islam, but which to me seemed intolerant and obscurantist.

Truth of the Matter

## A Christian secular Moslem

Faris Badawi's philosophy suited him, but critics thought it hypocritical

Having listened to my defence of my polite and non-threatening Islam, my quintessentially English religion, he said: "You have failed to understand the import of monotheism. Give us a humanistic explanation of the Hajj." I tried, but even to me it sounded lame – sort of from John meets corporate morale booster in the desert. As I ran out of banal things to say, he delivered his coup de grace: "You're a very nice man, Mr Badawi," he told me and the large audience. "But when you call yourself a Moslem, aren't you being a little hypocritical?"

I am ashamed to say that I knew precisely what he was get-

ting at. In my wonderful logical Islam, there was no real understanding of the purpose of pilgrimage, which is not ephemeral in our religion but fundamental, one of the five pillars.

When I consulted various analyses of the meaning and purpose of pilgrimage in Islam, my problems only deepened. It seemed to me I was just exactly the Moslem to whom so many commentators referred when they talked about the Islam of empty ritual.

"Islamic scholarship, worthy of its title, has been at best crippled and made anaemic. With very few exceptions, the naive are being led by the semi-ignorant charlatans posing as Islamic lead-

ers. Yesterday's loyal servants of the enemy have changed their garb, memorised some verses and, ad nauseam, talk of an Islamic renaissance. Their slogans are hollow, their hearts weak and their souls have been sold to many gods."

"The 'Moslem Nation', while it speaks of *Pan-Islamic* goals, is entangled in a myriad of internal contradictions. It has no identity, no selfhood, no oneness. It has wrapped the Koran in silk and shelved it. It has consigned the Prophet to remote memory and forgotten its covenant with God. With its head comfortable in the lap of a godless enchantress, in a state of materialistic trance, it

daydreams of the Prophet's Madinah, long gone, or a future 'Islamopolis' still uncharted. It is stranded in a sea of hypocrisy in the depths of self-deception."

I think it is obvious why any one recognising themselves in such a description, as I do myself, would be upset and feel a deep need for spiritual renewal. But why should non-Moslems feel encouraged by the awesome spectacle of the Hajj?

Well, to be honest – and here I hope you don't feel cheated – my reasons are not particularly logical and are certainly untestable. Firstly, Moslems do not go on the pilgrimage in the spirit of separation from the rest of humanity. Far from it. They see themselves as responding to God's invitation on behalf of humanity as a whole. They see the Hajj as confirming God's love for everyone, regardless.

\* From Ali Shariati, *Hajj reflections on its rituals, Atyad*.  
■ Faris Badawi is administrator of the Moslem College in London.



## BOOKS

# A free market conspiracy theory

Here is a prophet unassailed by doubt – or by economic data, writes Max Wilkinson

What should one do when a distinguished professor of politics stands on a soap box proclaiming that market capitalism must prepare to meet its doom? Pass by on the other side? Entreat him to use fewer adjectives? Or should one patiently explain the other possibilities?

John Gray, former professor of politics at Oxford and now at the London School of Economics, sees conspirators everywhere. The International Monetary Fund, the World Bank, the Organisation for Economic Co-operation and Development, the World Trade Organisation, Lady Thatcher, the US administration – they are all in it together, backed by a sinister army of speculators. Their grand project is to promote free markets throughout the world with devastating consequences.

It will destroy the bourgeoisie, undermine traditional institutions, create mass unemployment, and promote war as national states compete for

diminishing resources. The sufferings to be inflicted by this "Utopia of a global free market" will rival those caused by communism. "Already, it has resulted in over 100m peasants becoming migrant labourers in China, the exclusion from work and participation in society of tens of millions in the advanced societies, a rule of organised anarchy and rule by organised crime in parts of the post-communist world, and further devastation of the environment."

Is anyone listening? No doubt there is an audience among the faithful – and on the chat shows. But Gray may in part be talking to himself. Not long ago he was an ardent supporter of the New Right, whose market philosophy he now excoriates with the passion of a convert. This would have been a better book if he had

said as much, and explained whether it is he or the world which has changed.

Of course, he has a point. The rapid evolution of global markets and increased mobility of capital can create big dislocations. The price of steady increases in world output is that people lose their jobs, or wages are driven down as industries lose out to competitors or fail to adapt to new technology. Traditional skills may come under pressure and the institutions of society may start to change.

Gray is also right that sovereign governments have less room for manoeuvre than in the past. But he fails to notice that governments which are humbled by the "casino of currency speculation" often have only themselves to blame. Incompetent economic management, excessive borrow-

ing or debasing of the currency are the common causes of a collapse. Gray speaks of "fiscal rectitude" as if it were an instrument of torture by those trying to "re-engineer" free markets in

**FALSE DAWN – THE DELUSIONS OF GLOBAL CAPITALISM**  
by John Gray  
Granta £17.99, 234 pages

the "late modern" period. But if simply means not borrowing more than you can afford to. It is ordinary prudence.

Like many polemicists, Gray gets over-excited by his own verbiage. Consider this, for example: "In their cult of reason and efficiency, their ignorance of history and their contempt for the

ways of life they consign to poverty and extinction, they embody the same rationalist hubris and cultural imperialism that have marked the central traditions of Enlightenment thinking throughout history."

It sounds bad. But who are these people? They do not exist. As in most of this book, Gray is describing a battle of abstractions, mainly between theoretical extremes. He seems to imagine the world is full of free market Utopians wandering round with a bag of experiments to try out on unsuspecting countries. He refuses to notice that the present economic consensus, imperfect as it may be, is partly a reaction to past failures to control debt, inflation and unemployment. He does not bother to explain how his own nostrum of job-creation by Keynesian deficit

spending and increased welfare payments, would avoid these problems next time round.

Thus, he ascribes the fall of Margaret Thatcher's government in Britain to the inherent contradictions in her free market "project". But hers was, in many ways a highly pragmatic government, searching for an answer to the problems of "stagflation" and excessive trade union power. As in New Zealand in 1984, something had to be done. Gray lists the harsh consequences of liberalisation with relish, but he gives scant account of the benefits, or of what might have happened if the problems had been tackled with less resolution.

The biggest disappointment of this book is the feebleness of its alternative vision. To moderate the "anarchic" market forces of the global economy, Gray would

like a "managed regime" by some sort of world government, presumably operating on quite different principles from the present trans-national organisations. He admits this is Utopian. He does not attempt to explain how it could work, or why it would avoid the mistakes of managed regimes such as Soviet Russia, Cuba and North Korea.

The countries which he admires for combining a market economy with strong social cohesion are Germany, Japan and the tiger economies of south east Asia. Gray writes: "In the contrast between the American free market and the guided capitalism of east Asia, it is the free market that belongs to the past."

Well, maybe. The continued vigour of the US economy, persistently high German unemployment, stagnation and corruption in Japan and the financial crisis in the rest of south east Asia, might suggest a question or two. But Gray is a prophet unassailed by doubt, or indeed by the complications of economic data.

## Prejudice, pride and the perils of parody

Will Toni Morrison prove to be the African-American Solzhenitsyn? Craig Raine weighs up the evidence

What confers authority on a writer? Toni Morrison's seventh novel, and her first since the 1993 Nobel Prize, raises this question in an acute form.

*Paradise* is an account of an all-black township, Ruby, established in rural, isolated Oklahoma after the Civil War and the migration of ex-slaves north. The time-span extends to the Watergate hearings. It is the last of a trilogy begun with *Beloved* (1987), a slave-era narrative, and continued with *Jazz* (1992), a post-liber-

ated, of another Nobel Prize winner, William Faulkner: "End of another day in the city of Jefferson, Yoknapatawpha County, Mississippi. Nothin' much happened. Couple of people got raped, couple more got their teeth kicked in, but way up there those faraway old stars are still doing their cosmic criss-cross, and there ain't a thing we can do about it. It's pretty quiet now. Folks hereabouts get to bed early, those that can still walk." How swiftly the authentic, the first-hand, begins to look second-hand, inauthentic and vulnerable to ridicule and parody. What seemed an objective report on a region suddenly shrinks to the merely solipsistic.

Consider, for example, the treatment of sex in *Beloved*. One danger for a black writer is, I believe, the temptation to uniqueness – to say, implicitly, of your neglected subject matter that it is *sex* and *gender* and to ground your claim to authority there. Sex, however, is an area of equal rights, of common experience. While the slaves at Sweet Home are waiting for the 14-year-old Sethe to choose one of them as her partner, their sexual frustration is such that they spend their time "fucking cows, dreaming of rape". Paul D, moreover, doesn't think that the difference between a girl and a calf is "that mighty". I don't imagine that black men were happy with this ludicrous libel. Masturbation, that common libel against fornication, has been erased by Toni Morrison from the black male experience. Here her authority is manifestly forfeit.

Fatally, *Beloved* becomes fodder for ripe parody. Behind the mistake is the impulse, strangely enough, to glorify. D.H. Lawrence identified the temptation in 1927: "One likes to cherish illusions about the race soul, the eternal negro soul, black and glistening and touched with awfulness and mystery." This temptation isn't restricted to white outsiders. You can see it implicitly in Paul D's assertion about 124, the haunted house in *Beloved*: "as he stepped through the red light he knew that, compared to 124, the rest of the world was dead." Those horny black slaves are engorged not by normal sexual frustration but by a

curious kind of racial pride in mythic black potency.

And behind this is the more general impulse to redeem some of the genuine horrors of black experience by embracing their dramatic richness, against which the ordinary world can too easily look "bald". The writer is likely to exaggerate rather than enrich. It is very difficult to be a writer and a spokeswoman. Toni Morrison's Paris Review interview shows her alert to danger: "It's important not to have a totalising view. In American literature we (blacks) have been so totalized – as though there is only one version. We are not one indistinguishable block of people who always behave the same way." This is well said. But it contains its own dangers. One is that, avoiding the representative, you over-favour the bizarre. Secondly, taken to its logical conclusion, this insistence on distinction will destroy the solidarity which was its starting point.

In *The Voyage Out*, Virginia Woolf points a little speech in the mouth of Terence Hewet, an aspiring novelist. He is aware that, although literature is full of women, "it's never come from women themselves". The black experience has obvious affinities

with what he calls "this curious silent unrepresented life" of women. Immediately, however, that life – so oddly singular – becomes lives. "The lives of women of 40, of unmarried women, of women who keep shops and bring up children..." It is an interesting list – its individualistic, even quirky third item already beginning to escape

**The narrative method is a form of torture, a kind of demonic pass-the-parcel**

the confinement of category altogether. Literature differentiates, politics tends to classify.

To an embattled black writer, this theological view must look like an unaffordable luxury. Literature and politics seem inextricably opposed in their tendencies. Toni Morrison, like George Eliot, is a writer bent on making her readers hear "the roar which lies on the other side of silence". For

George Eliot, literature practised its own segregation: "insignificant people, whom you pass unnoticed on the road every day, have their tragedy too; but it is of that unwept, hidden sort, that goes on from generation to generation, and leaves no record."

The difference between George Eliot and Toni Morrison is that Morrison's characters are scarcely ever ordinary, sometimes incoherently conceived, and frequently at the mercy of sensational plot requirements, of the novelist's desire to insist on her unique access to experiences more vivid than any the reader could possibly know. In another context, Saul Bellow called this "event-glamour" and it is a thing novelists should be wary of. It is Toni Morrison's stock in trade.

*Paradise* begins dramatically with the massacre of five women in a convent and the rest of the novel is an explication of how these innocent women became the victims of respectable killers. However, nothing we are told about the murderers makes the outcome in any way probable – not even remotely. In fact, the responsibility appears to rest on Toni Morrison's weakness for grand guignol – on that and on her weakness for religious allegory.

The occluded metaphysics of *Paradise* strongly hint that spirit and body, good and evil, are inextricably bound up in each other. Just as Christianity overlays a pagan foundation, so the convent was previously the mansion of a worldly embezzler. Its faucets were formerly full sets of male genitalia. Likewise, one woman, the louche-est, has two names – Gigi and Grace. She is initially drawn to the place by rumours of a natural sculpture of an endlessly copulating couple – clearly a pagan version of the Adam and Eve creation myth. The very architecture of the convent is bullet-shaped in a coarsely prophetic way. Should you wish to apportion responsibility for the murders, Symbolism is a prime suspect, even if Allegory is the actual culprit.

This black hole where the motivation should be is the major weakness. In addition, the narrative method is a form of torture – a kind of demonic pass-the-parcel, a trace of the seven veils, common to *Beloved* and *Jazz*. The basic set-up is given but the novelist deliberately conceals the information that might explain it. You are meant to see – but only gradually, very gradually. In practice, this means a large

quota of sentences which are candidly unintelligible because they precede the information necessary to explicate them – often by hundreds of pages, so the solution may arrive when the puzzle has been forgotten.

For instance, on page 189 we learn that Big Papa has been shot through the foot. On page 302, we are told how this came about. Similar, if less absurdly sustained, aporia abound in this novel. *Paradise* is a bungled, nightmare of deferral which can only be resolved by a second reading. What was previously a mannerism has matured into a disarming narrative incompetence.

This isn't helped by the cast of hundreds. *Paradise* is a muffled *Middelmarch*, thronging with richly individualised characters. In theory, actually, it is like trying to read a telephone directory. Big Papa, to take only one example, is really called Zechariah Morgan, or Coffee Morgan – a name which is probably a corruption of Kofi Moya. It is hard to keep track. The proliferation of names underlines the central theme of *Paradise* – that our very identities are palimpsests – but the local effect is unambiguous unreadability.



Toni Morrison: In theory, *Paradise* is a muffled 'Middelmarch', thronging with richly individualised characters. In practice, it is like reading a telephone directory

**PARADISE**  
by Toni Morrison  
Chatto & Windus £16.99, 318 pages

ation story set in 1920s Harlem. Toni Morrison is, then, a writer whose coverage aims to be comprehensive, who wishes to engross virtually every aspect of black experience – from slavery to the aftermath of Vietnam and beyond. Is her ambition over-extended? Will she prove to be the African-American Solzhenitsyn – worthy, courageous, essential to a particular historical moment, a crucial consciousness-raiser, but a novelist of only average talent, with a weakness for over-writing and a tendency to Gothic melodrama?

What is really possible for a writer who wants to represent her race in literature? The first sentence of *A Tale of Two Cities* deals, definitively, with those writers who profess to deal with the Zeitgeist, or "The Period" as Dickens calls his chapter: "it was the best of times, it was the worst of times..." So much for those hilarious caricatures – historical periods – which Virginia Woolf was also to send up in *Orlando*, where 1800 inaugurates a century of rising damp, where better drainage and improved lighting have their effect (see how) of literary style – a synecdoche for every alleged modification of art by social conditions.

But if a period is impossible, what about the culture of a particular place, the spirit of the deep South, say? This is Ken Tynan on the essentially mythic topos, at once torpid and

## The language of national identity denied

Tony Barber describes the survival of the Czech language, culture, and indeed country, against all odds

It was Friedrich Engels who, in 1849, contemptuously dismissed the Czech people as an "historically absolutely non-existent 'nation'" who "have never had a history of their own". And in September 1938, Neville Chamberlain expressed much the same thought with only marginally less insensitivity when he described Czechoslovakia as "a far away country" inhabited by "people of whom we know nothing".

Derek Sayer's book, a history of the Czechs since their conversion to Christianity in the ninth century, serves as a thoroughly effective rebuttal to Engels and a stern *post factum* rebuke to Chamberlain.

Written rather more from a cultural than a political perspective, the book notes that the greatest ever Czech reference work, a 25-volume encyclopaedia published between 1888 and 1908, was

second in its day, in terms of numbers of entries and illustrations, only to the Encyclopaedia Britannica.

The common Czech greeting, "nasejden", derives from the expression "Na zdar Narodního divadla" – "To the success of the National Theatre", a campaign slogan which ensured that this monument to the nation's cultural identity, opened in 1881, was paid for entirely out of public donations.

Czech culture has rarely been heavy and impenetrable. The national opera, Bedrich Smetana's *Bartered Bride*, at one point extolls the virtues of Czech beer. An 1826 bestseller, Magdalena Rettigova's *Home Cookery*, or *A Treatise on Meat Meals*

for Daughters of Bohemia and Moravia, "was to the Czech kitchen what Mrs Beeton was to the 19th-century English or *The Joy of Cooking* to the 20th-century American".

Beer, pork and dumplings: Jaroslav Hasek's Good Soldier Svejk would certainly recognise the solid contribution these make to Czech life. But this is also a country where a quarter of a million people attended the 1989 rebirth in Prague of Karel Hynek Macha, the founder of modern Czech poetry, who had died 103 years earlier at the age of 25. Coming as it did two months after Hitler's final dismemberment of the inter-war Czechoslovak state, this solemn commemoration was a poignant act of public bravery.

Not that it spared the Czechs. Pre-war Prague, a fascinating mixture of

**THE COASTS OF BOHEMIA: A CZECH HISTORY**  
by Derek Sayer  
Princeton University Press  
£21.94, 413 pages

Czech, German and Jewish influences, was shattered by Nazi occupation and communist dictatorship. "The Germans murdered the Jews, the Czechs expelled the Germans, and the communists did their utmost to obliterate the very memory of both."

But they could not obliterate the Czechs' pride in their past. As Sayer illustrates, and as Engels and Chamberlain should have known, the Czechs were responsible for constructing one of Europe's most advanced medieval polities. Under Charles IV (1346-78), Prague was the Holy Roman Empire's capital and home to one of Europe's oldest universities.

Yet one can understand why, despite their location at the geographical heart of Europe, the Czechs have all too often been on the fringes of European consciousness. For all but 90 years between 1620, the year of the great national disaster at the Battle of White Mountain, and 1989, the year of liberation

from communism, the Czechs were under the thumb of Vienna, Berlin or Moscow.

Czech as a written language virtually died out during the three centuries of Austrian Habsburg domination, from 1620 to 1918. The authorities in Vienna banned almost all Czech literature from the "golden age" of the 15th century, when the Hussite national-religious rebellion had presaged the Lutheran Reformation by a century.

For the Czechs, the calamity was that their national identity depended crucially on their language. "Much that had thus far defined Czech history, and made Czechs who they were, could

not be spoken of." Even as late as 1871, when the Czech national revival was getting into full swing, the Prague Statistical Commission made the observation that the 1851 census-takers had been premature in trying to identify people by nationality because "a clear consciousness of national identity among the majority of Austro-Hungarian nations was, so to speak, still in nappies".

Sayer concludes that the Czech people have been victims of their unfortunate position on the dividing line between several opposed political and cultural worlds: protestant and catholic, German and Slav, capitalist and communist, democratic and totalitarian.

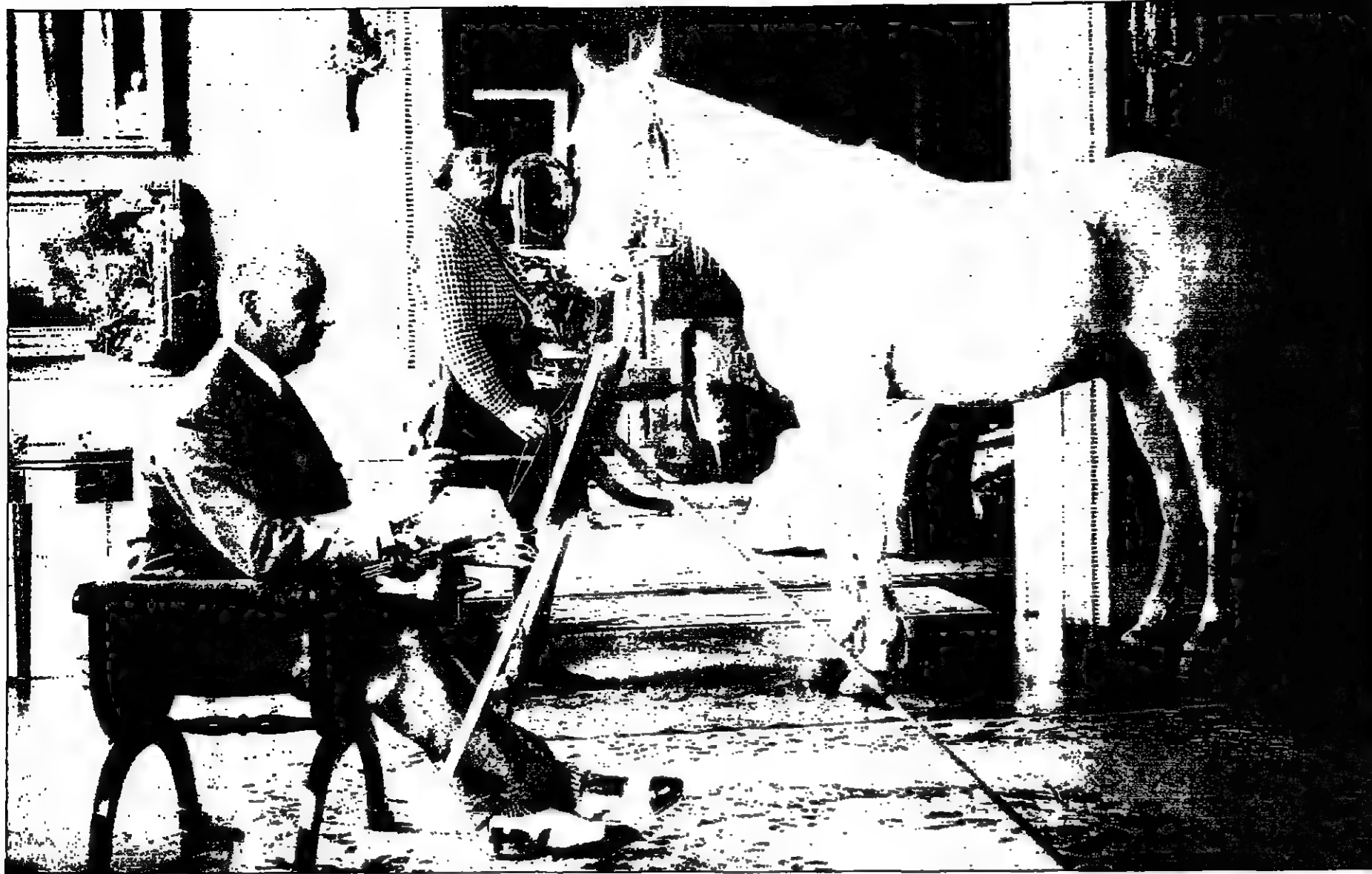
Nor does he seem entirely confident that Czech history will have a "happy ending". Today's Czech Republic is a young democracy poised to join Nato and the European Union, apparent milestones on the road to permanent integration into the western world.

But the temptation should be resisted to portray the Czech past as one long national pilgrimage from Jan Hus to Vaclav Havel. If history were that simple, there would be no need for books as discerning and thought-provoking as Sayer's.

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## BOOKS



He preferred playing at life than life itself: Lord Berners painting a picture of Penelope Bejamen and her pony in the drawing room of his Berkshire home

## Artist with a passion for pranks

He was the epitome of high Bohemia, but was Lord Berners more than a rich dilettante, asks Jan Dalley

Gerald Berners, composer, painter and author, lived at the epicentre of high Bohemia until his death in 1950. Bald and dumpy, mischievous and talented, he had the means and taste to indulge his love of beauty alongside his passion for elaborate pranks and hoaxes. At Faringdon, his house in Berkshire, as well as at his houses in London and Rome, pictures by Degas or Corot and priceless French furniture would sit beside wind-up toys and monster masks. Nancy Mitford immortalised him as the whimsical Lord Merin in *The Pursuit of Love*, ensuring that everyone remembers the doves dyed brilliant shades of yellow, pink and blue that fluttered around Faringdon. Mark Amory tells us that the food-colouring sessions also involved a couple of swans and a white poodle.

The Faringdon visitors' book provides Mark Amory with lively material for this first biography. Guests were asked to list their "profession", and the names reveal an extraordinary social range as well as the prevailing mood of

playfulness: Rex Whistler (painter de luxe), a Churchill (investigator), Pam Mitford (shepherdess), Lady Mary Lygon (Sporting Hostess), the Guinnesses, Salvador Dali, William Walton and assorted Sitwells, several obelisk-fanciers and a tug-boat destroyer. The milieu was arty but grand: Berners and Bloomsbury did not quite mix.

Born in 1883, Gerald Tyrwhitt was the only child of a family with long tradition but no core: his remote father died when the boy was in his teens, his mother was distant. In the least satisfactory part of this otherwise fascinating book, Mark Amory reconstructs the early years - Eton, travel in France and Germany, junior diplomatic postings - from Gerald's letters to his mother: many people, remembering their own letters, will recognise this as an unreliable source. When even this flimsy material fails, Amory unwisely resorts to statements such as: "It is frustratingly unrecorded that Gerald had seen the Ballets Russes, but inconceivable that he had not." One thing is well established: early on, the young Gerald came to prefer playing at life to life itself,

brilliant superficial chatter to deep conversation. Siegfried Sassoon described him as "consistently inhuman, and unfailingly agreeable". Fantasy was always preferable to dull reality. He would not only wear a false nose at dinner but spend hours with his guests making up rhymes about it. Faringdon's telegraphic address was

**LORD BERNERS: THE LAST ECCENTRIC**  
by Mark Amory  
Chatto & Windus £20, 274 pages

"Neighbourhood", and seldom can anyone have dedicated so much time and money to annoying those around him. The tirelessly social Lady Colefax was a regular butt of his jokes. In 1940 he sent her a tantalising invitation to dinner for "Winston and GBS" and "nobody else except for Toscanini and myself". The poor woman was tantalised for all time, however: both the address and the signature on the note were completely illegible. His musical interests began early, and from the early 1920s

onwards Berners was involved in work with Diaghilev, Walton, Constant Lambert, Gertrude Stein and other contemporary talents. Was he anything but a rich dilettante? Amory deals with this question seriously, documenting the work and the performances lightly, and placing Berners firmly within the lists of early-20th century composers - but only as a minor entry. His amateurishness seemed to be underlined when he suddenly, as if on a whim, stopped composing and took up painting. A first exhibition in 1931 sold well, and the guest list for the opening - a *Who's Who* of early European artists - showed, as Evelyn Waugh bitterly put it, "what it is to be a Baron".

Writing followed: two volumes of autobiography and several novels (no fewer than three in a single year, 1941). The most interesting now is a privately published roman à clef, *The Girls of Radcliffe Hall*, a camp spoof on Berners' circle of beautiful effete young men. Cecil Beaton, the model for the main character, hated it. Robert Heber Percy, the enduring love of Berners' life, who had arrived at Faringdon when he was 21 and Berners 30, and never really left it again (despite many affairs and even a couple of brief marriages), was portrayed in the novel as shallow, grasping and half insane: he loved it. Heber Percy was universally known as the Madboy, and his wild, outlandish escapades far outstripped Berners' pranks. But he obviously provided such personal happiness as Berners ever knew, or perhaps ever wanted: Amory merely says, "what Gerald felt about sex remains unknown".

Whether or not Berners was more than a colourful eccentric of minor talent is never an urgent question for this highly enjoyable biography. Although Berners' fantastical milieu was not to everyone's taste, the book is so packed with every "name" of the moment that it is a portrait of an era. Its subject's *je m'en fousisme* is out of fashion now, and his relentless playfulness palls a little. There is a limit to the number of anecdotes a reader can bear, but then this is a book about a man who deliberately made up his life of shimmering surfaces, and Mark Amory may have been wise not to attempt to get far beyond that shiny carapace.

## Fiction/Jeremy Gavron Little fish in a big pond

The American novel is a great democracy. It has given voice to half the peoples of the world: Italians, Scots, Jews, Chinese, Cubans - and these past dozen or so years, in the fiction of Garrison Keillor, the Lutheran Norwegians whose forefathers settled in Minnesota towards the end of the last century.

Keillor has sustained his wonderfully funny and warm portrait of Lake Wobegon for several books, and in *Wobegon Boy* he shows no sign of faltering. This is a town where "large phlegmatic people" shop at Ralph's Pretty Good Grocery, and the narrator's father gets buried with three ballpoint pens in his shirt pocket; where, "in the woods there used to be a sign: 'Repent. God Sees. God Knows'". It was deep in the woods, on the theory that that was where people went to do that sort of thing.

Keillor's strengths as a writer are in the details: the snatches of dialogue, the turns of phrase - "my 40th birthday loomed up like an iceberg" - and, in particular, the little stories that pepper all his work. The earlier Wobegon books were chains of stories, and Keillor has an almost biblical ability to catch a life, a fable, in miniature. But *Wobegon Boy* is a novel; and, in attempting to plumb a man's life in more depth, he comes up shallow.

John Tollefson is a Wobegon boy who has moved to upstate New York, where he manages a public radio station and falls in love with a beautiful academic New Yorker, Alida Freeman. Raised in a world in which the first thing his mother does upon finding his father, dead on the cellar steps with a bag of frozen peas in his hand, is to put the peas back in the freezer (and later serves them at dinner), Tollefson struggles to unfreeze himself.

But neither the writing nor the characters can carry the extra heft needed for a novel. When Tollefson meets Alida, the best he can come up with is, "She was it. No question." And by the time, after much mid-life wallowing, he finally moves to New York to be with her, this reader couldn't really care.

By this time, too, something else had happened to the warm bath feeling of Keillor's writing, to the nostalgia it inspires. By taking

Tollefson out of Wobegon, Keillor exposes his small-town views to a broader America, and sniffs suspiciously at anything that isn't as apple pie as home. Wanting to play only classical music on his radio station, Tollefson is outraged by calls for "more Third World music, more diversity, more women's music;" for talk shows with "women housing and grooming about their sad lives" - but the only meaningful response Keillor can give him is to keep telling a bad joke about a douche bag. "I hate talk radio because I never cared for piety," Tollefson complains. "I grew up among pietists; I know how they kill the soul." But Keillor is a pietist too. In Wobegon, his satire is gentle and generous, but towards the universe beyond he can be fearful, sarcastic and sanctimonious. Undemocratic, even.

**WOBEGON BOY**  
by Garrison Keillor  
Faber £16.99, 303 pages

**WRONG INFORMATION IS BEING GIVEN OUT AT PRINCETON**  
by J.P. Donleavy  
Little, Brown £15.99, 231 pages

The same could not be said for the hero of J.P. Donleavy's *Wrong Information Is Being Given Out at Princeton*. Stephen O'Kelly is so democratic he will sleep with his mother-in-law. An aspiring Irish American musician, O'Kelly drifts in and out of New York society, drinking champagne with his rich friends, scraping together the pennies for a sandwich when on his own. The plot doesn't amount to very much. What is notable is the language: Donleavy's increasingly peculiar style gives an extra oddness to O'Kelly's archaic choice of words - his "pebbled speak". At first sentences like, "Then further north past all the passing wildernesses where I had the fantasy of cheaply and healthily living in a tent where I could with a piccolo compose and in order to eat, hunt with a bow and arrow," take some getting used to. But after a while the sheer energy of the prose carries the story through to an unexpectedly poignant ending.

If timing is everything, Mae-Wan Ho's *Genetic Engineering: Dream or Nightmare?* has it. This month the UK National Consumer Council's report highlighted the dangers of genetically modified (GM) food, and America held the first international conference on the alarming increase in new infectious diseases. One "nightmare" in Dr. Ho's impassioned exposé is that genetic engineering can foster the rise of new diseases and spread more severe, and antibiotic-resistant, strains of old ones - threats which help to make genetic engineering "the biggest single

## Why alien genes can run amok

Genetic engineering can seriously damage your health, argues Moyra Bremner

danger facing mankind today."

This is no luddite attack: bio-physicist Ho is reader in biology at the Open University and a Fellow of the US National Genetics Foundation. The trenchant criticism

is not of all bio-technology, but of irresponsible bio-technology: of scientists, and their paymasters in big business, who exploit an "outdated and reductionist" view of biology to talk up the benefits of GM and deny the enormous risks.

The science at the heart of the argument is this: that to stop alien genes being rejected, geneticists must smuggle them in. And the best Trojan horses are carriers which are inherently invasive: viruses and bacteria, including those carrying antibiotic resistance.

The conflict is over what happens to these micro-Frankensteins. "Reductionists" say they are stable and self-contained. Ho argues that no organism is an island, and that its elements always interact both internally and with the environment. When host and invader interact, GM crops may fail, or food plants may produce new, unidentified, allergens while interaction with the environment can cause dangerous and antibiotic-resistant "carrier" pathogens to infect the soil, plants, animals - and us. What price human fertility if the virus engineered to make mice infertile adapts to find a host in us?

Such risks are, however, only factors in Ho's case. For the book seeks to expose all the complex worldwide dangers - human, social, ecological and financial - which arise from genetic engineering and bio-practice thanks to an alliance between "bad science and big business".

That goal isn't fully achieved, but nonetheless this controversial book

deserves attention - not least for its medical implications. Familiar pathogens, such as E.Coli, are taking more dangerous forms; 50 new infectious diseases have erupted in a decade; and some serious diseases are already resistant to most

**GENETIC ENGINEERING: DREAM OR NIGHTMARE? THE BRAVE NEW WORLD OF BAD SCIENCE & BIG BUSINESS**  
by Mae-Wan Ho  
Gateway £9.95, 277 pages

**REMAKING EDEN: CLONING AND BEYOND IN A BRAVE NEW WORLD**  
by Lee M. Silver  
Weidenfeld & Nicolson £20, 315 pages

antibiotics. The economic implications of Ho's thesis are no less great.

Apart from sharing the theme of genetics, Professor Lee Silver's *Remaking Eden: Cloning and Beyond in a Brave New World* could hardly be more different. Where Ho offers commitment, Silver tiptoes through the moral minefield of human reproductive science and genetics as if the Angel of Mons was guiding him. His trick is to use science fiction to present the more controversial points. Page one, "Dateline 2010", sees Barbara nursing a newborn baby selected "from an embryo pool" to ensure that it isn't "overweight or alcoholic". But, before we warm

to such benefits, Silver whisks us forward to 2350 AD: to a society split between the dominant "Gene-enriched" and the poor "Naturals". And eugenics, which - but no, that would spoil the ending.

The factual body of the book details the seemingly harmless, extraordinary, and often beneficial, steps in reproductive science which, from the first artificial insemination to Dolly the sheep, have been leading inexorably to some of the greatest moral dilemmas mankind has ever faced. And, as Silver points out, all this has consistently been deemed impossible, and therefore we are morally and legally unprepared. He offers no easy answers: simply disquieting facts about what is, and may soon be, possible in human fertility treatments and genetic engineering - facts which provoke very uncomfortable questions.

Of course, if Ho is right, few characteristics can be traced reliably to single genes, and genes are too interactive, and childhood too formative, for scientists to be able to cut out an alcoholic gene, splice in a musical one and give parents a Mozart, not a drunk. Yet will that be what people want to hear? As Silver points out, sperm banks for "superior" genes already exist and, faced with a crowded planet and rising medical costs, governments (and insurance companies) may prefer to believe that screening is infallible: pressure may grow to abort fetuses carrying even a small potential for health, or other, problems.

These thought-provoking books are worth reading in tandem. For, between them, Silver and Ho raise questions not just about genetic engineering, fertility treatment and eugenics, but even about the extent to which the law lets us own our own bodies and the cells, sperm, ovum, and embryos that stem from them: about what it is to be alive - and human.

## Love according to the troubadours

Courtly Love sounds like a West Indian fast-bowler.

Courtly love is actually the conceptual key to much of the art and literature of the Middle Ages. Fashioned by the troubadour poets in Languedoc during the 11th-century, courtly love opens the chambers of feudalistic mixing and matching. Service, enslavement, lordship and deference: these are the common metaphors for such personal relationships within courtly romantic etiquette. Even the noblest of knights may consider himself the vassal of his lady. Yet as lover and beloved well know, it is the very performance of love that ennobles them both.

The Provençal code of such polite and politic passion duly filtered down to Italy where, with characteristic local compromise, it was accommodated by most religious authorities. By the late-13th century, courtly love was sufficiently established in Tuscan for the town hall and bell tower of San Gimignano to be decorated with scenes of its strenuous and diverting protocol.

Few aesthetes could tolerate San Gimignano these days: whether Teutonic colony or capital of Chianti-shire, the towered preserve has virtually yielded to mob tourism. And the one local product, a distinctive green or blue splashy mottled pottery fabric, is now outlawed on account of its high lead content. In any case, no one would claim that the frescoes in the Communal Palace of San Gimignano were painted by conspicuously eminent artists of the Italian Ducento. But still, they are worth a visit, and indeed a book.

The images of jousting, hunting and dragon-slaying from the council hall are not extraordinary. The sight of two lovers together in a half-barrel bathtub, from a chamber in the bell-tower, is more intriguing. Neither lover looks happy: in fact they seem distinctly nervous and tentative as they reach out to touch one another, as if in a state of primal innocence. Following an iconological lead from Boccaccio's "Tales", Jean Campbell suggests an "enslavement" of a young man by some lady of easy virtue or superior sexual experience. Possibly:

**THE GAME OF COURTLY LOVE**  
by C. Jean Campbell  
Princeton University Press £40, 294 pages

with a supporting cast of onlookers exchanging meaningful glances, all we can be sure about is that whoever used this room (its function is unclear) found it delicately erotic.

Another fresco from the same room may be moralising, insofar as it seems to depict the Prodigal Son falling into the arms of a prostitute intent on robbing him. Another, more mystifying, shows a half-clad man about to clamber into a bed whose female occupant is most emphatically fast asleep. But perhaps the most telling image of the group is the sequence describing the story of the seduction of Aristotle.

The story is basically that the distinguished old philosopher, having bidden his impetuous student Alexander (the Great) to beware of female distractions, was himself seduced - either by

the maid or wife of Alexander. She sang and cooed and gathered flowers outside the philosopher's window. He looked out, and was more than enraptured. As the fresco demonstrates, Aristotle's infatuation led to his humiliation: we see the girl riding him like a horse, a classic dominatrix complete with horsewhip.

Given the background of courtly love (a knowledge of which Campbell rashly assumes in her readership), this cannot be a finger-wagging homily on the risks of pursuing women. Nor, in its historical context, can I imagine that the patron of the painting was a proto-masochist - though it is tempting to think that powerful individuals circa 1300 in San Gimignano shared the same kinky preferences as (allegedly) British executives and cabinet ministers. Rather, it is the candid first tenet of the courtly lover: *Amor vincit omnia* - Love conquers all. To any educated individual in medieval Europe, Aristotle was the supreme devotee of the life of the scholar, the vocation of intellectual advancement. If the fortress of his rationality could be so comprehensively toppled by fragrance and alluring flesh, what choice for lesser mortals but to pitch in and flirt with conviction?

Much more could have been made here of the anthropology of folkloristic festivals in early modern Italy; and the book is meanly monochrome, especially considering its price. Nonetheless its topic, however pedantically handled (as here), is pleasantly and intrinsically likely to get one's sap rising.

Nigel Spivey

## Richard Wagner

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## Romance of the age of steam

Railway stations, especially the Gare Saint-Lazare in Paris, intrigued the Impressionists, writes William Packer

With all the glamour and excitement of supposed progress, the railway was to the 19th century what, in its way, air travel has been to the 20th. While the excitement has faded somewhat, and the glamour worn off, the railway station still has something more compelling to it than any airport ever has - immediate purpose; promise; escape. The great terminus especially, point of departure from the heart of the city, so often remains much as it was, though the sky canopies no longer fill with smoke and steam.

France's Second Empire had seen not only Baron Haussmann opening out his *grands boulevards*, but also the coming of the railways to Paris. The Gare Saint-Lazare, just beyond the Opéra, with the *quartier* of Batignolles to the north, was begun in the 1830s and had been expanding ever since. The streets round about, of course, were much affected. Laid out on a star-shaped plan, they already bore the names of foreign cities - London, St Petersburg, Madrid, Amsterdam, Constantinople. And where they came together, on a wide bridge above the very tracks themselves, was inevitably named the *Pont and Place d'Europe*, after the old wide crossroads long since dug away.

The area is still much as it was, though now with

mostly cars as passers-by. The reality is smaller than the wider perspectives of camera and painter suggest, and the roundabout planned in the middle of the *Pont/Place* reduces it even more. But the views down to the station are still there, and those steep perspectives down the converging streets. No wonder artists were fascinated when it was all so new, most especially the young Impressionists with their avowed commitment as painters of modern life.

A surprising number of them lived at various times in Batignolles - Manet; Caillebotte; Goeneutte - or, like Monet coming in from Argenteuil, frequently came into Saint-Lazare. But Manet seems to have been the first of them to find a subject there of any real significance. His painting of 1873, "Chemin de fer", is of a woman sitting by the railings of a garden behind the new *rue de Rome*, through which the young girl beside her looks down to the railway below. It is not only a great painting in itself, but also a classic text for those scholars who choose to read art as social history.

It is the peg upon which hangs the delightful current exhibition now at the Musée d'Orsay, closely focused upon Saint-Lazare and Batignolles in relation to painters of the 1860s, '70s and '80s. Manet was living and working in Batignolles through the 1860s and, unlike so



A great painting of Parisian life: 'Le Chemin de fer', 1873-5, by Edouard Manet. His favourite model, Victorine Meurent, sits with a little girl by the railings overlooking the new Gare Saint-Lazare

many of his *compères*, stayed on through the Prussian war, the Commune and the Siege. The woman in the painting is Victorine Meurent, for long his favourite model. Indeed, as the nude in "Le Déjeuner sur l'herbe" (1865) she secured his early notoriety. She figures, too, in a small, fine portrait (1862), and the magnificent full-lengths, "La Chanteuse des rues" (1862) and "La Femme au perroquet" (1866), which group alone, with the "Che-

min de Fer", all sent from the US, is worth the visit. And though some later local views are included, within the context of this exhibition Manet is not presented as a recorder of the local scene after the manner of Caillebotte, with his *liens* on the *Pont* or the *carrefour Moscou*, or Goeneutte and Monet in the smoke of Saint-Lazare. Rather it is as the painter of modern life in the broader sense that we see him, in his

drawings of the siege and the suppression of the Commune, and his paintings of Zola's "Nana" in the *bordeau*, Berthe Morisot on her balcony and the pretty girl in the café with her ice and cigarette. Above all there is Victorine, in broad daylight, sitting quietly by the railings as the trains go by - it is the last of his paintings of her.

The contrast is made most forcibly by comparison with Monet who, early in 1877,

obtained permission from the station-master to work in the station itself and out among the sidings. Of 11 canvases he is known to have painted over those next few weeks, nine have been assembled here. Hung in a room together, they afford the second incontestable reason to see the show.

The sequence is astonishing, not just for its energy and sheer spirit, but for the radical nature of the interest, and the imagery

achieved. Two signal-discs are silhouetted high and near-abstract against a curvilinear swirl of smoke. An engine gathers itself, like a bull, snorting steam, to charge the bridge. Strong, silent shapes get their breath beside the platforms as the passengers get off between them. All is dark against light, and insistent, suggestive movement within the containment of arch and pillar.

The actual sheds and canopies he painted are now hidden within the station's extensions of the 1890s (Goeneutte painted them in 1887), but the general conformation was retained, and remains to this day. And within the station still there is noise and bustle. But the smoke has gone.

Manet, Monet. La gare Saint-Lazare: Musée d'Orsay, Paris until May 17, then to Washington: sponsored by the Groupe ZENEGA.

## Music takes the high road

Andrew Clark reviews Beamish and Beethoven in Scotland

New music is alive and well north of the border. It always was: you only need to look through the list of works commissioned by the Royal Scottish National Orchestra over the past 40 years - from Morton Feldman, Takemitsu, Berio, Rihm, Birtwistle and a host of Scottish composers - to realise that contemporary music has long found fertile ground in Glasgow and its environs. This tradition has lapsed in recent years - not because Scottish composers have somehow dried up (far from it), but because there has been no clear policy for new music.

Over the past fortnight, the RSNO has made tentative steps to make up lost ground. It introduced its newly-appointed associate composer - the American post-minimalist Michael Torke, whose *Bright Blue Music* found an unexpectedly persuasive interpreter in Alexander Lazarev, the orchestra's principal conductor. It also organised a contemporary music week - a taster for a "Discovery" series next season (artistic director James MacMillan), in which major scores by Tippett, Messiaen and others will receive their Scottish premieres.

The RSNO's choice of an American associate composer suggests a determination not to be parochial. And by going for Torke, it presumably wants to counter popular misconceptions about contemporary music. His pieces - brightly coloured, obsessively synco-

rated, instantly forgettable - will not offend anyone, but they are unlikely to challenge Scottish audiences or educate them in the real musical issues of today.

That purpose was better served by a workshop during the contemporary music week, in which Sally Beamish's Second Symphony was examined, illustrated and played the evening before its formal premiere. Expertly

**Such treatment helps us to know what is going on beneath the surface of the music**

compared by the broadcaster Lynne Walker, it was couched in language which served the specialist as well as the layperson. Such treatment does not necessarily flatter a piece of music - it simply helps us to know what is going on beneath the surface, so we can judge it better and draw more from the experience. The South Bank Centre, which jointly commissioned the symphony, should adopt the formula when it presents the London premiere.

The symphony confirms Beamish's wide imaginative scope, and represents a quantum leap in her command of structure. In the

first movement, a "heart-beat" on bass drum provides a powerful rhythmic anchor for a series of dark, turbulent ideas. The second movement, inspired by a falling four-note phrase of birdsong, is a series of simple variations - an oasis of transparent calm briefly interrupted by a scherzo-like dance. The finale, in rondo form, is a brilliant evocation of wave-shapes, using ever-widening intervals and deepening textures to carry the listener from shorelines to ocean swell, before a precarious, hard-fought resolution in C major.

The drawn, outdoor atmosphere of the symphony suggests a programmatic basis, but where the piece invites criticism is in its failure to strike a balance between form and content: the thematic ideas are not big or bold enough to fill out such an ambitious structure. Beamish would benefit from a regular association with an orchestra to enable her to work through her ideas in a more practical way before they reach final form.

These impressions may have been influenced less by Elgar Howarth's deadpan conducting than by the congested acoustic of Glasgow's Henry Wood Hall - neither of which detracted from the pleasure of hearing Thomas Wilson's Violin Concerto (1993) in the same programme. This came across as a modern masterpiece - witty, gritty, solidly worked, perfectly balanced, with absolute sureness of purpose. There is nothing dry or intellectual about Wilson's

music: the concerto combines absolute integrity with a charm and beauty that would enhance any orchestra's season. The RSNO's leader, Edwin Pilling, proved a thoughtful champion.

While the RSNO has been re-asserting its credentials in new music, there has been a certain amount of role-reversal with its Glasgow stablemate, the BBC Scottish Symphony Orchestra. The BBCSO's Spring concert series at the City Hall is devoted to the Beethoven symphonies, divided into six intelligently conceived programmes and conducted by Osmo Vänskä. Last Friday's concert found the Pastoral Symphony rubbing shoulders with an exceptionally poetic account of the Berg Violin Concerto by Jennifer Koh, and a powerfully primitive piece of nature music by the Icelandic composer Jon Leifs (1899-1968). His *Geyser*, a crescendo of eruptions enhanced by eruptions of pans and drums, is a real piece of occasion which would sit nicely in the Proms.

But the concert's *raison d'être* was Vänskä's Beethoven. Using the style and layout of a period orchestra but with modern instruments, Vänskä brought the same mastery of structure and atmosphere to Beethoven's nature-symphony that he does to Sibelius. His approach was brisk and bucolic, crisp in articulation, with plenty of unsettling but never less than illuminating dynamic contrasts. It's time we heard more of Vänskä in London.

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## ARTS

# A feast of frozen delights

Clement Crisp's aversion to full-length ballets is thawed by 'The Snow Maiden'

There is no denying, and certainly not at the box-office, the public taste for full-length ballets. It is, fundamentally, a bad thing, but the price of theatre tickets being what it is, and the obtuseness of audience preference being what it is, ballet companies bow to the inevitable and play full-evening works whose titles – at least – are known, either as race-memories of what we used to see in the dear old days of the 'Isar' at the Mariinsky Theatre, or as reminders of World Literature. (From *The Hunchback of Notre Dame* to *Edvard II* the library shelves are being pillaged, I await, with breath un-bated, stagings of *The Well of Loneliness* or *The Satanic Verses*.)

It is a miserable situation, and few are the companies who, dependent upon box-office takings, dare try and buck the trend. A run of evenings made up of short ballets, by master choreographers or by interesting newcomers, is tantamount to bankruptcy. Only New York City Ballet, with its treasure-house of Balanchine and Robbins works and its tradition of new single-act stagings each season, can rely upon a sophisticated audience ready to rejoice in choreographic variety. (And NYCB also plays full-evening and bankable pieces.)

All of which serves to introduce the newest full-evening piece: Ben Stevenson's *The Snow Maiden*, which received its first performance last week by Stevenson's Houston Ballet. It is a big and opulent staging, handsome in its Desmond Heeley designs and in its Tchaikovsky score (John Lanchbery has, once again, concocted a dramatically convincing patchwork from a variety of sources). It is, significantly, a joint staging with American Ballet Theatre, which will show it during the company's traditional early-summer season in New York in June.

Based on the Russian folk-legend which inspired a play by Ostrovsky (for which Tchaikovsky made incidental music, and which later was used by Rimsky-Korsakov for his

*Snegurochka*), it tells of the Snow Maiden who falls in love with a young man, Misgir. Misgir is destined to marry the beautiful Coupava, but the Snow Maiden's love haunts him. She follows him into the real (and thawing) world and literally and emotionally melts in his arms. Here are the sound dramatic ingredients for an evening-long staging. In 1961, the Soviet choreographer Vladimir Bourmeister made an attractive version for the London Festival Ballet which did not deserve oblivion, and Ben Stevenson has made two earlier versions.

His latest production, which I saw twice, is markedly successful. Stevenson's creative language is traditional in its classicism – he is also a celebrated teacher, and his Houston dancers are an admirably assured ensemble, their style academically clean and elegant – and he sets out his tale across three acts with a nice sense of dramatic progress and tragic momentum.

Desmond Heeley's sets are a brilliant exercise in icy architecture: the stage glitters and shimmers with frost, with a forest and a town translucent and hallucinatory – recalling the village made of ice that was built to amuse Catherine the Great.

On the secure base of Lanchbery's Tchaikovsky score – the not over-inspired incidental music to the play; the enchanting set of piano pieces celebrating the months; music from operas, and the great extracts from *Sleeping Beauty* – Stevenson moves from opening scenes of the Snow Maiden happy in a frozen domain to her obsession with Misgir (shades of Ondine here) and to the last act's dénouement when, at the wedding of Misgir and Coupava, she melts in the spring warmth.

The production is interesting in that it offers two strong and well-balanced female roles. A particular catch of these first performances was the presence, as guest, of the



Touching emotional intensity: the Bolshoi ballerina Nina Ananiashvili as the Snow Maiden

Bolshoi ballerina Nina Ananiashvili, who will also dance in New York with ABT. Ananiashvili's lyrical, her serene control of everything Stevenson offers her, a touching emotional intensity (and her beautiful Georgian eyes – like Karavina's, as we see them in the portraits that celebrated her beauty) tell everything of the Snow Maiden's story. I also greatly liked Tiekka Schofield as Coupava. To a role whose range is more constrained – love, and outrage at love despised – but whose dance opportunities are brilliant, she gave exact outline and sensitive feeling.

The first Misgir was the Cuban dancer, Carlos Acosta. We saw him in London four years ago as a very young and raw-talented dancer with English National Ballet. His seasons with Houston Ballet (and with the company's teaching, be it noted) have splendidly polished his technique: his dancing is big, bold, brilliant, and civilised in manner. He gave Misgir a fiery presence that explained his attraction for the Snow Maiden. Yet at a second performance I found the interpretation by Dominic Walsh more cogent and sensitive. A strong dancer, Walsh conveyed all the riven emotions of a young man torn between the passions of the real world and a supernatural being – the ballet has its resonances with *La Sylphide* – and in what I found the most sustained and beautiful writing in the piece, he and Sally Rojas (as Coupava) were ideally at one in an extended and passionate duet. Lauren

Anderson, the company's ballerina, is a Snow Maiden of clear physical and emotional gifts.

Ben Stevenson's choreography is well-made – its duets notably responsive to emotion – and he understands exactly how the machinery of a full-length ballet can be made to work. The tale is told with clarity. More significantly, the dances have a poetic subtlety that makes us know the sorrows of the characters. The company performances were everywhere excellent in the spacious Brown Theatre, which is its home. The score was admirably played by the Houston Ballet Orchestra under Lanchbery. Heeley's boldly coloured and opulent costuming gleamed against the frozen delights of his sets. The eye feasted.

## Radio/Martin Hoyle Tuned in to 4

The new schedules for Radio 4 have been announced. At first glance the surprise is not that much has gone but that so much remains, presumably good news for those devotees who feared the worst. The bad news is that programming is too often lumped together in great gloops – the excellent *You and Yours*, for instance, is now over 50 minutes long, including that cheapo standby, listener input, and presages one of those ragbags during which attention inevitably wanders as an interesting item is succeeded by one less gripping. Since Radio 4's audience is a thinking one rather than robotically enslaved to the same channel once it's switched on, this is likely to result in more listeners surfing the stations, not less – the opposite of what James Boyle intended.

Boyle was pinned down on a recent *Feedback* confrontation when he unwisely claimed to have consulted many listeners about the changes. How many? asked one listener, evidently one of the unconsulted. He persisted with the question since Radio 4's controller seemed unwilling or unable to answer. It evoked Jerry Adams' reaction, asked some years ago if he condemned the IRA killing of a school teacher in front of his terrified class. Swivel, writhe, sidestep, turn – it's called the politician's tango. In neither case did we get a straight answer.

To judge by readers' reactions to this column, Boyle consulted nobody in allotting a new arts series to Mark Lawson. I know I am not alone in my allergy to the Lawson style and content. So off we get to good start with a number of *Kaleidoscope* listeners who will not bother with the new *Front Row*. Apart from personal preferences, the shuffling of musical chairs with the same tired old gang of presumed "experts" smacks of both idleness and insolence on the BBC's part. Can the corporation really not be bothered to stir from its dinner party circuit to look for fresh talent? Do they think nobody will notice if a Radio 3 presenter is doing the same

for TV's Performance Channel? Or that the presenter of BBC2's *Late Review* is now doing exactly the same for radio? No wonder the devotees of the arts in this country suffer from siege mentality. Moreover, the suspicion that radio is not merely of secondary importance to television but being annexed by the baleful, one-eyed monster is inescapable.

That emerges by what Radio 4's press release takes as its constant point of reference: television. The distinguished actress Elizabeth Bradley, star of the opener in a new drama series, is thoughtfully identified as Maud in *Coronation Street*. A series on the wealthy is introduced by "Newsnight's" Evan Davis. Actor Roger Lloyd Pack is labelled as "Trigger in *Only Fools and Horses*" rather than by any stage or film let alone radio – work he may have done. *Animal, Vegetable or Mineral* returns: hang on, isn't that more famous as radio's *Twenty Questions*? Not on television it wasn't. And while we're taking TV's leavings, just as BBC1 ends its *Mastermind* is launched on Radio 4.

The traffic is two-way, of course. The great award-winning comedy *People Like Us* is going to television. When it does, Radio 4 press releases may get the name of its protagonist right: it's Roy, not Ray, Mallard, sweeties.

This permeation of television in radio broadcasting thinking is alarming. I hope it reflects merely the range of reference of those who issue press releases rather than any deeper anti-radio plot. Meanwhile, there are actually things to look forward to: an orchestral quiz, a series on *Caricatures, Lampposts and Buffoons*, a book programme with Humphrey Carpenter, the presence of Kate Adie, Jonathan Dimbleby and Trevor Phillips. And then there is the matter of pruning and re-scheduling old favourites. The new look arrives on April 6. All who value radio, love Radio 4 and respect the BBC wish it well – and should keep their fingers crossed.

## Detective with a smart head

Marie Myerscough investigates the Sherlock Holmes cult in Japan

Last weekend, crime fiction enthusiasts from all over the world gathered in Kamakura, a small town of Buddhist temples just outside Tokyo, for Japan's first international Sherlock Holmes convention.

Delegates indulged their passion through lectures, exhibitions and an auction of memorabilia – with Victorian costume optional for the last-night party. The host, the Japan Sherlock Holmes Club, is the largest

in the world: 1300 members and still growing. Although Sir Arthur Conan Doyle never went to Japan, his hero is a cult figure there. "Foreigners would probably be astonished to know that we Japanese have been reading Sherlock Holmes since our

elementary school days", says Mitsu Higashimori, secretary general of this year's convention. When prime minister Ryutaro Hashimoto said recently that, as a boy, one of his favourite books had been Sherlock Holmes, he could have been speaking for most of his fellow Japanese.

Aside from the translations of Conan Doyle's complete works, (56 short stories, four full-length novels, involving some 90 translators), Japan has also produced its own background books, adaptations, plays, films, children's versions, cartoons, parodies – even an opera. Japan's leading TV channel is currently re-running the British series with Jeremy Brett in the title role. There is a Sherlock Holmes pub in Osaka, while Karuizawa, a fashionable resort near

Nagano, site of the recent Winter Olympics, boasts its own statue of the fictional hero.

Britain's delegate to the 'Foreigners will probably be astonished that we have been reading Sherlock Holmes since elementary school days'

conference, Catherine Cooke, in charge of the Sherlock Holmes Collection in London's Marylebone Library, considers the

Japanese Sherlockians fans remarkable. "They do nothing by halves", she says, "Japan got its statue 10 years ago. Edinburgh has only had one for a few years, while London's is still in the offing."

Sherlock Holmes was introduced to Japan at the end of the 19th century and within a few years the first translations were available (*The Man with the Twisted Lip*, *A Study in Scarlet* and *The Adventures of Sherlock Holmes*).

Many Japanese crime writers owe their inspiration to Sherlock Holmes. Two of the most famous fictional detectives from the 1950s and still popular, include Kogoro Akechi, a dapper city sleuth created by Ranpo Edogawa, and his "country cousin", the kimono-clad Kousuke Kindaichi, the gentlemanly, rural detective

of Setshi Yokomizo. Junior versions based on the fictional sons of popular investigators are a staple of children's comics.

Other western crime writers – Edgar Allan Poe, Dorothy L. Sayers, Agatha Christie, et al – have Japanese fans, but none is as popular as Conan Doyle's hero. Why, given the general popularity of the genre in Japan?

For most aficionados, Sherlock Holmes represents the archetypal English gentleman while evoking nostalgia for the Britain first encountered a century ago. Ardent fan, taxi driver Hiro Yamamoto, however, doesn't romanticise. Tapping his forehead vigorously, he states, "Holmes has a smart head. That's why we Japanese like him." Elementary, my dear Wada-san.



The book cover for a popular Sherlock Holmes parody series

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Television/Christopher Dunkley

## Strange tales of evolution

There is a weird moment in *The Extinction Files* on BBC2 this evening when the screen shows what looks for all the world like an undulating elongated panty liner, making good speed through the depths of the ocean. The period is Cambrian – 535m years ago – and one of the points that Peter Brown's programme seeks to convey is that just one of the several "mass extinction" periods which have occurred since life began on earth (for instance the one just after the late Permian period, a mere 245m years ago) was capable of wiping out 96 per cent of all life forms. Happily the panty liner came through, which is lucky for us because, it seems, homo sapiens is among the animals descended from it.

Of course, archive footage from the Cambrian period is hard to come by, especially underwater shots because the knack of waterproofing cameras was only discovered later, but this programme is not fazed; it uses computer animation to create pictures of 40-foot armoured pachyderms cruising through the Mid Devonian seas, snapping up what look like pike, or

possibly small sharks. Frolicking in the waves during the Late Carboniferous is a shark with what looks suspiciously like an AWACS aerial on its head.

Oddest of all, perhaps, is the story at the beginning of the programme about a bacterium shaped like an umbrella which existed two billion years ago, but became extinct after the oxygen count started to rise. It was, of course, known only from the fossil record. Then, not long ago, a suspiciously similar organism turned up in a nasty patch of ground near Harlech Castle in Wales where, for centuries, people had been relieving themselves, presumably producing ideal oxygen-free conditions.

*The Extinction Files* is part of "Evolution Weekend", a theme running over three days, starting yesterday and ending tomorrow, all the programmes inspired by the theories of evolution and natural selection set out by Charles Darwin in *The Ori-*

gin of Species in 1859. The programmes contrast in length, style and technique, and, more surprisingly in content. This afternoon there are repeats of three of the episodes from David Attenborough's superb natural history series *Life on Earth*. At 8.05 this evening *Darwin: The Life* is a biography produced by Vyv Simson which reveals that, as a schoolboy, Darwin spent much of his time gazing idly out of the window and was regarded as a wastrel and a good-for-nothing, which seems enormously heartening.

At 10.25 tonight there is a debate on the significance of the idea of evolution, with participants including Jonathan Miller, Steve Jones, and American academics Stephen Pinker and Meredith Small. Tomorrow evening at 9.20, Dan Cruickshank considers Darwin's effect upon architecture (yes, really) in *One Foot In The*

Past. Then at 10.05 comes a programme made by David Malone called *Darwin: The Legacy* which brings us up to date on modern Darwinian thinking. Though it side-steps the admittedly tough task of trying to elucidate the selfish gene theory for a general television audience, this programme does go into the fascinating question of how far Darwin's historical/biological theory has been used to justify various schools of political theory, particularly those that are happy about seeing the weakest go to the wall.

In between these programmes is a scattering of two-minute offerings called *Natural Selections* in which a wide variety of people – actor Brian Blessed, astronaut Helen Shuman, swimmer Sharon Davies – make brief points on topics with some Darwinian connection. These serve like a touch of mustard on the beef.

Whenever BBC2 or Channel 4 offers a themed evening or, as in this case, week-

programmes of this sort, and we should surely be counting ourselves lucky, not moaning about lack of choice.

The only pity on this occasion is that the BBC has not chosen to repeat even a single episode of its magnificent series *The Voyage of Charles Darwin*, a masterly blend of drama, documentary and natural history. Made 20 years ago, it is one of the best series of any sort that I have ever seen, but it turns up this weekend for only the briefest of glimpses during *Darwin: The Life* when it is watched by one of Darwin's descendants.

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## SPORT / MOTORING



Twists and turns on the Thames: the heavier Cambridge (bottom) are hoping for success over the lighter Oxford in today's Boat Race

## The Boat Race

# The weight of the evidence pulls in Cambridge's favour

Aiming for their sixth win in a row, the Light Blues have advantages in bulk, writes Phillip Halliday

Cambridge enter the 144th Boat Race in London today hoping to prove that bulkier is better. The Light Blues will be the tallest and heaviest crew to have contested the race.

Cambridge's average height is 6ft 5½in while their average weight is 95kg. Oxford are an inch shorter on average and give away 5.7kg per man. This difference is important; only two crews giving away more than 3kg a man have won in the last 30 years. But Oxford will look to 1988 when they succeeded despite conceding 5kg a man.

The size factor seems to have made Oxford's task of turning round a miserable run of five consecutive defeats even harder.

A headwind tends to favour the heavier crew, but unlike straight courses, the Boat Race course on the Thames twists and turns, and a headwind turns into a crosswind and even a tailwind as the race unwinds.

Nevertheless, while weight can help, it can also hinder. The Cambridge crew have to pull more weight along and will not go faster unless the extra weight is used efficiently.

Both camps tried to play down the size factor. Harry Mahon, Cambridge coach for the last two weeks before the race (the finishing coach), says it is possible for a crew to be too big.

"If you are not effective in the given size of the boat (built for an average 85kg) then you are too big. Big men can do more dam-

age, if they are not clever," he says.

"Height is the main advantage, and anyway this crew is heavy but lean - we are not carrying much spare." Mahon enthusiastically practises the Cambridge ethos of achieving the highest level of skill whatever the size of the athletes. This method has served Cambridge well in the last five years.

"By international standards," he added, "these boys are no bigger than anyone else." Indeed, standing among the athletes at the weigh-in felt like being in the land of the giants.

Robin Williams, Cambridge's head coach, who has a background with lightweight crews which seek high levels of technique to compensate for their lack of weight, says working with big men does not change the basics of bringing the skill levels to as high a pitch as possible. "We keep striving for top technique, and almost never fulfil that goal, but we have to work to our strengths and height is an advantage."

René Mijnders, adviser to the Oxford camp and last year's head coach, agrees that his crew this year may be less powerful in the early stages of the race. "Each crew has a quality. This year we are faster in the second half of the race."

Mijnders is referring to last year's race when Oxford took an early lead only to see it whittled away after four minutes before Cambridge went on to build up a strong advantage.

Mijnders says Oxford have learned from last year's mistakes. This year, the Oxford coaching staff have worked hard to avoid a similar lack of endurance. "We will not make that mistake again. Last year we had a crew that could have won, but this year we have more rowers that have experienced the race," says Mijnders.

Oxford have six coxswains who have rowed in the Boat Race before, compared with two at

Each crew has a quality. This year we [Oxford] are faster in the second half of the race'

Cambridge. Experience is often cited as an element for success in such a demanding event and the losing Blues at Oxford are hungry for revenge.

Sean Bowden, Oxford head coach, is in a good position to milk the two-week period of preparation. Cambridge in the early 1990s wilted under the pressure from the media, which was said to favour Oxford even when Cambridge was the better crew. They were also intimidated by the arrogance of the Dark Blues, who

turning round such a long run of defeats that saw Cambridge crews lose races they should have won? "Cambridge did not know how to win. They needed vision and in 92 we said, right, we want to win and we will do whatever it takes," says Bowden.

"There was not so much wrong at Oxford and not so much to be done. But the opposition is very confident."

Bowden focused on two areas: personality and reasons to be confident.

The Boat Race is no place for shrinking violets and when Bowden says personality he really means the will to win. He wants winners in the boat who will die to beat Cambridge, athletes who will find another gear just when the rest of us would chuck it all in because it hurts so much.

Reasons to be confident? Confidence has to be built on solid foundations after months of training and assessment. It involves pushing athletes to their limit, and then finding that little bit more. Confidence can be blown away by the sight of the opposition as they appear for the first time a few days before the race.

In their heyday, Oxford used to milk the two-week period of preparation. Cambridge in the early 1990s wilted under the pressure from the media, which was said to favour Oxford even when Cambridge was the better crew. They were also intimidated by the arrogance of the Dark Blues, who

becomes a shallow water-proof box. It would be an ideal place to slow anything really mucky like manure-caked wellingtons.

Equipment levels for the estate are the same as in equivalent Primera saloons or 5-door hatchbacks and prices are expected to be about £850 higher. Official combined urban and open road average fuel consumption range from 42.1mpg (6.7/100km) for a manual 2.0-litre turbo-diesel to 32.1mpg (8.8/100km) for a 2.0-litre petrol automatic.

The large/medium estate segment is growing so fast that cars like the Primera and its rivals will account for 20 per cent of all sales by 2000. Nissan is well placed to take a goodly share.

Perhaps unfairly, the Nissan Micra has been categorised as a pensioners' special or the least of driving school instructors. True, many spend their lives on short runs to local supermarkets or making three-point turns in residential roads. But there is far more to a Micra than that, if the two I drove over a similar route to the Primera are anything to go by.

One was a 1.0-litre manual, the other a 1.3-litre, with CVT (continuously variable transmission). Both felt frisky, with sharp steering and more than enough cornering grip to be pushed quickly through hairpin bends. They rode like cars one size bigger, had comfortable seats and ample headroom, though rear passenger

legroom and boot space were limited.

The CVT is a simple form of automatic transmission based on a steel link belt running over pulleys which change diameter according to road speed and the load on the engine. The first CVTs of the early 1970s used rubber belts and were rough enough to be suitable - but only just for garden tractors.

The Micra's CVT was smooth, allowing stepless acceleration from a standstill to maximum speed. Good though the 5-speed manual gearbox Micra was, CVT would be my choice - it seemed the natural way to connect a small car's engine to the driven wheels.

Economy is barely affected. A 1.0-litre Micra with CVT has an official average of 46mpg (6.1/100km) against the manual version's 47mpg (6.0/100km). The 1.3-litre car achieves 42.8mpg (6.6/100km) with manual gears, 43.5mpg (6.5/100km) with CVT. Micra prices start at £8,100 (manual) and £9,088 (CVT).

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## Baseball

## Pitchers will be tossed to the wolves

Power hitters will break home run records this year, says Jurek Martin

For those whose great passion in life is taking home a major league baseball, this might be a good year for quaffing a beer outside the ballpark rather than buying a ticket and sitting inside.

This season begins with the almost universal assumption that more home runs will be struck than ever before. No less a bible than Sports Illustrated has declared that one of the sport's most sacred records - the 61 long balls dispatched by Roger Maris of the New York Yankees in 1961 - is there for the taking.

The two-part logic is impeccable. First, this is an expansion year, with two new teams in Arizona (the Diamondbacks, named after the swishy-swooshy indigenous to the state) and in Florida (the Tampa Bay Devil Rays, whom I mistakenly called the Tarpons last year by relying on Ernest Hemingway for a deficient knowledge of Gulf fishing).

This means that the lifeblood of pitching, not exactly thick these days in any case, is going to be further diluted. Marginal throwers and those frankly not ready for the major leagues are going to be tossed to the batting wolves. It is worth remembering that Maris beat Babe Ruth's record in a comparable expansion year.

Second, this is the decade of power hitters, with at least two already having made fair runs at the Maris mark and with others lurking not far behind. Before 1990, only 10 players had ever slugged 50 homers in a year: since then, eight have done so, including such unlikely lads as Brady Anderson of the Baltimore Orioles, who knocked out 50 in 1996, having never gone higher than 21 in a season before.

The prime candidates are Mark McGwire and Ken Griffey Jr, who hit 58 and 57 respectively last year. McGwire, now with the St Louis Cardinals, bungs a home run every nine times at bat, only a fraction inferior to the immortal Ruth's career mark. Last year's total encompassed a midsummer hiatus, in which he only hit three long ones in a month and during which he was traded from Oakland. The knock on McGwire is that he is notoriously injury-prone, to the point of contemplating quitting, though he claims to have worked himself into prime shape in the off-season.

Griffey, of the Seattle Mariners and already the premier outfielder in baseball, does not, curiously, consider himself a home run merchant, though anyone who has observed his long, fluid left-handed swing must conclude he is joking. He can be throttled by the best off-speed pitches, as Mike Mussina of the Orioles so brilliantly demonstrated in last

year's play-offs, but he will face that quality of stuff only once in a while.

There are other potential threats. If Juan Gonzalez of Texas stays focused and healthy, which are not givens, the power is there, as it is with Griffey's teammate, Jay Buhner. Anybody playing 81 home games in mile-high Denver for the Colorado Rockies has an inherent advantage, which, on last year's form, points to Larry Walker (49 home runs) and Vinny Castilla (40).

Albert Belle of the Chicago White Sox is capable of anything, including self-implosion. And there could always be an overlooked player, a Brady Anderson, waiting for that break-out year (as, in 1961, befell Maris, who had mostly played in the shadow of the great Mickey Vernon).

Still, even if the talent is there and the objective circumstances favourable, primarily inferior pitching and smaller modern ballparks, breaking long-standing records is never easy. Pressure on the player can, and does, mount, as even the impervious Cal Ripken attests in the run-up to breaking Lou Gehrig's mark for most consecutive games played.

The opposition can also refuse to co-operate. I vividly recall a Japanese baseball season in the

early 1980s when Randy Bass, an American import, seemed sure to break Sadaharu Oh's home run record; in the last half-dozen games, he never saw a pitch within swinging distance. Mind you, if the same happened to McGwire, Griffey or anybody else this year, an independent prosecutor would doubtless be named to find out why, and to investigate the sex lives of pitchers in the process.

Interestingly, it does not seem to matter too much whether a record-breaker plays for a winning or losing team. Babe Ruth and Roger Maris both played for the Yankees when they were the best, but Barry Aaron and Willie Mays, first and third on the career home run list, were never so lucky. Nolan Ryan struck out more batters than anybody, but never played on a championship team. Ripken suffered 13 years, his prime, in the play-off wilderness.

Though both McGwire's Cardinals and Griffey's Mariners are considered above average this year, neither is rated World Series material by most pundits. With the best players of the defending champions, Florida Marlins, sold off, the pre-season favourites - Yankees, Orioles, Atlanta Braves, Cleveland Indians, perhaps the Los Angeles Dodgers - are all cited for two prosaic reasons, pitching and fielding defence. These are the factors that win titles, if not places in the record books.

## Motoring / Stuart Marshall

## Into the valley of high marques



Nissan's elegant new Primera estate combines roominess and refinement



The updated Micra runabout has a sporting side

these is grossly exaggerated. The higher rate of duty on diesel than petrol is going to achieve two things: increase the price of anything moved by road, which means practically everything; and slow down the decline in the rate at which carbon dioxide, alleged to be responsible for global warming, enters the atmosphere.

The first point to be made about the Primera is that, in company with two of its main rivals, the Peugeot 406 and Citroën Xantia estates, it is extremely good-looking. Unlike some of its kind, which are clearly saloon cars that have had a bustle-like extension grafted on to provide more load-space, the Primera (and the 406 and Xantia) were designed from scratch as estate cars.

Perhaps it is no coincidence that the Primera was conceived by a 31-year-old Frenchman, Stéphane Swartz, and is a wholly European car. It was developed in Britain and Germany, is being manufactured in Britain and will be sold all over Europe, from May 1.

My test drive last week in the south of France began at Nice airport and continued up the valley of the Var on N202 to Entrevaux and on to Castellane and Digne, a

route calculated to find out a car's weak spots.

Three engines are offered for the Primera estate - 1.6-litre and 2.0-litre petrol, both multi-valved, with outputs of 100 and 130 horsepower; and a 2.0-litre indirect-injection turbo-diesel. I chose the diesel. This produces a modest 90 horsepower but even more torque (pulling power) than the petrol 2.0-litre at exactly half the number of revolutions. By present standards, it is a fairly old-fashioned, low-tech diesel. The latest ones have ultra-high-pressure "common rail" direct injection with electronic control.

Providing the Primera's engine was used properly and allowed to pull very hard in the higher gears, it

was smooth, quiet, self-effacing and very pleasant to drive. Villages were driven through at 50kph (30mph) in fifth gear. Only when forced to split at unnecessarily high speeds did it become noisy, making the deep baritone hum typical of diesel cars a few years ago.

The first Primera was so lacking in NVH (noise, vibration and harshness) it was used by Ford as a benchmark when developing the Mondeo. The current Primera saloons and hatchbacks are even more refined and the new estate is in every way their equal.

Lightly loaded with two people and luggage, it rode

with the comfort, and handled with the nimbleness and security, of a good executive car. Only on the most coarsely textured roads did tyre roar become obtrusive and this even happens in the grandest luxury cars. The power-assisted steering was nicely weighted, the 5-speed gearbox had a light shift with small movements between gears and the all-disc brakes were reassuring on fast, winding descents.

Inside, the Primera estate has been well thought-out. The large, carpeted load platform is extended instantly by folding the rear-seat backrests forward. It is then not quite flat, but near enough.

Ingeniously, the centre section of the load platform lifts out and, if reversed,

becomes a shallow water-proof box. It would be an ideal place to slow anything really mucky like manure-caked wellingtons.

Equipment levels for the estate are the same as in equivalent Primera saloons or 5-door hatchbacks and prices are expected to be about £850 higher. Official combined urban and open road average fuel consumption range from 42.1mpg (6.7/100km) for a manual 2.0-litre turbo-diesel to 32.1mpg (8.8/100km) for a 2.0-litre petrol automatic.

The large/medium estate segment is growing so fast that cars like the Primera and its rivals will account for 20 per cent of all sales by 2000. Nissan is well placed to take a goodly share.

Perhaps unfairly, the Nissan Micra has been categorised as a pensioners' special or the least of driving school instructors. True, many spend their lives on short runs to local supermarkets or making three-point turns in residential roads. But there is far more to a Micra than that, if the two I drove over a similar route to the Primera are anything to go by.

One was a 1.0-litre manual, the other a 1.3-litre, with CVT (continuously variable transmission). Both felt frisky, with sharp steering and more than enough cornering grip to be pushed quickly through hairpin bends. They rode like cars one size bigger, had comfortable seats and ample headroom, though rear passenger

legroom and boot space were limited.

The CVT is a simple form of automatic transmission based on a steel link belt running over pulleys which change diameter according to road speed and the load on the engine. The first CVTs of the early 1970s used rubber belts and were rough enough to be suitable - but only just for garden tractors.

The Micra's CVT was smooth, allowing stepless acceleration from a standstill to maximum speed. Good though the 5-speed manual gearbox Micra was, CVT would be my choice - it seemed the natural way to connect a small car's engine to the driven wheels.

Economy is barely affected. A 1.0-litre Micra with CVT has an official average of 46mpg (6.1/100km) against the manual version's 47mpg (6.0/100km). The 1.3-litre car achieves 42.8mpg (6.6/100km) with manual gears, 43.5mpg (6.5/100km) with CVT. Micra prices start at £8,100 (manual) and £9,088 (CVT).

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# How to Spend It

## Best feet forward after a soothing toe job

Extremities will be on show this summer. Lucia van der Post reports on beneficial treatments

**W**onderful things, feet. Did you know they have 26 bones, 19 muscles and 100 ligaments? And that is each. They also have about 180,000 sweat glands each and you could, if you were unlucky, sweat off as much as a litre a day from your feet. Puts the matter of socks in a totally new light, doesn't it?

But the point about feet is that this summer, if you want to be able to flash a fashionable piece of footwear, then feet are going to be terrifyingly on show. If you have Miu Miu sandals, Jimmy Choo and Manolo Blahnik's testifying miracles, if Prada and Gucci's tributes to the art of the cobbler are going to be worn, believe me, no matter how daff it sounds, your toes will matter.

To New Yorkers, who have been flashing spectacularly glamorous toes around since well, at least last summer, glamorous toes are just part of their terrifyingly rigorous maintenance regimes.

To most British women this will all seem weird. A chiropodist is somebody you visit when your feet cause pain or a bunion impedes your daily progress, while a pedicure is usually what only the louche and/or the leisured would admit to. But, believe me, I foresee a stampede to Scholl's this summer - if I were you, I would book an appointment now.

Speaking for myself, it has been a long time since I paid much attention to my toes. I cut my toe nails when they grow too long but otherwise a slap of polish before a visit to a beach sums up my approach to footcare. But it took just a day at the Milan fashion shows to make me see the matter quite differently. I realised I was barely socially presentable. Thank God for Emma Hope boots which covered up my shame. I booked myself into Harrods beauty salon - chiropody followed by a pedicure.

Meena Matharu, a state-registered chiropodist with a BSc in podiatric medicine, who was allocated to give my feet some discreet attention, is besotted with feet (not mine I hasten to add).

"The foot," she says, "is an architectural masterpiece. A quarter of the skeleton's bones are in the feet and when we're running the kinetic energy exerted causes the pressure on our feet to be up to six times our body weight. The metatarsophalangeal joint (the great toe joint to you and me)

alone takes 10 per cent of the body weight when we're walking."

Mine, it seems, are in unjustifiably good nick given the years of neglect. Apart from "slightly prominent extensor tendons which has led to a slight clawing of the toes" (common, it seems, in women who wear these ridiculous shoes designers put out instead of nice sensible flaties or Scholl sandals) and two bumps on the little toes which at first she identifies as corns but later discovers are callouses (the difference is that corns have a core whereas a callous is just a mass of uniform density).

She soaks the feet in

**Each foot has 180,000 sweat glands and you could sweat off a litre a day**

lotion, rubs in potions, uses a drill to make the foot soft as a baby's bottom, files the nails, checks around for "nasties" (verruccas or... eek... neuropathic ulcers) before I am given the all-clear.

She keeps up a running commentary of sensible advice. "Always," she says, "have the chiropody first - then the pedicure. You'd be surprised the number of people who do it the other way round. And check that the chiropodist is state-registered - many aren't. Check your own feet - look out for verrucas (of which it seems there are 16 types). Trying to identify them, for all they need different treatments, is a chiropodist's nightmare," says Meena.

"And, above all, never put corn plasters on a corn - they are rich in salicylic acid - anything from 40 per cent to 70 per cent - and you can't control the rate at which it seeps on to the skin. It burns off the good skin as well as the bad and I've seen people use them between the toes and burn the flesh down to the bone. You must get rid of the pressure that is causing the corn - until you do that you will never get rid of it. Those with sweaty feet should use a good foot deodorant or surgical spirit."

By the time she has finished, I am pretty pleased with my feet - always good to know I am free of neuropathic ulcers. She reckons

that we should all go to a chiropodist about once every six months.

I cannot see myself doing that but I do see myself heading straight for another pedicure when I am next thinking of sporting my Manolos.

Now that I have these glamorous toes, all even and polished, painted a vampish shade of ox blood, with not a millimetre of hard skin in sight, I have an immediate and pressing problem: What do I do with them? Not much point flashing them on the train, encased as they are in winter tights. Concorde to Barbados seems about the right response just now.

Footcare products and treatments

There are all kinds of fancy products on the market for those who want to try doing this at home. The American

beauty company, Philosophy, which sells through Space NK Apothecary stores has "footnotes" (£11) - soothing eucalyptus and lavender oils - which should be used first and then followed up by "soul owner" (£11), an extra-rich emollient cream.

Meena swears by Crookes E45 - "very good and not very expensive" which softens the skin - and a German range called Gehwol which uses essential oils (she used a particularly aromatic peppermint lotion on me) and is only available in footwear specialist shops.

Neal's Yard, seeing the way toes are back in fashion, is developing a Foot Box, expected to be available by summer. It will provide such helpful products as Comfrey & Mallow foot balm, tea tree essential oil, a pumice stone and a nail brush. Call 0161-831 7875 for details.

Bath & Body Works has a range of soaks, balms, sprays, and scrubs which it will send by post. Call 0171-569 0865 for details.

If you can wait until May 26, Scholl is offering (until June 7) free 10-minute foot checks in all 60 of its "total footcare centres". There are Scholl outlets throughout the UK. Call 0800-074 2940 for details. Every centre has at least one state-registered chiropodist. Chiropody starts at £20. Pedicures are not available.

The professional body for the address of a local chiropodist is the Society of Chiropodists and Podiatrists, 53 Welbeck Street, London W1. Call 0171-486 3381.

Most beauty salons offer pedicures. At Harrods beauty salon in Knightsbridge, London SW7, chiropody is £28, pedicures, £26. Book on 0171-730 1234.



## No need to feel a heel any more

Holly Finn on shops catering for larger shoe sizes

**S**ongs can sting, in particular songs about bodily parts. Take Fats Waller's "I Don't Love You 'Cause Your Feet's Too Big". Hearing it for the first time, a little girl looks down at her not-so-little shoes and considers herself warned.

She grows up though, and is generally sanguine. Except when she walks into a high street shoe shop. Waller's melody comes to mind and swells as she asks apologetically for something in size 9 (11 American, 42 Continental). The salesperson is cordial but cannot resist glancing down, barely swallowing a snigger before brushing her back out of the door.

We all feel disturbed by some physical anomalies. It may be big feet or an unexplained aversion to fruit salad, the inability to make one's hair look anything like it does after a visit to the hairdresser or a tendency to walk into things.

In the back of the brain we try to accommodate the anomaly, to finesse it. And sometimes the world leads a hand. If it is feet you are trying to finesse then be reassured - there are places on both sides of the Atlantic that cater to those who need larger shoes, places where a girl need not feel like a foot freak. They are worth celebrating.

In London, the most helpful is The Small & Tall Shoe Shop, 71 York Street, London W1 (0171-733 5321). Its name reads like a circus sideshow sign but that should not deter you. On one side of the room are the Lilliputians, on the other Gullivers, which go up to size 12. For those mourning the closing of Lilley and Skinner on Oxford Street, which used to stock hard-to-find sizes, this is the place.

The owners have been in the business for 34 years. They are keenly aware that no one who comes to them is average (size 6), and that a shoe that sits tight on a size 6 foot can make a size 9 look like a sunken stone. Joyce Rayment, who helps run the shop, taking its wares on the road occasionally to spread the word, is that rare shoe salesperson - a size 4 who does not judge the less petite.

She offers a wide selection of Italian-made shoes,

including styles by Claudia Ciuti and Moda di Fausto, specially made for the shop. Some elusive varieties, like strappy sandals that are spare on your foot yet do not topple your frame, are reasonably priced (£69.95).

In New York, Plus Nine is the best bet. Again, resist the urge to scurry away from the name and downstairs into Hermès for a one-size-fits-all scarf. The owner, Bud Grant, knows what he is doing. Sizes go up to 10, and he features only the highest end: Stuart Weitzman, Via Spiga, Pampaloni, Isaac Mizrahi, Donald Pliner and Adrienne Vittadini (who paid a visit recently to pick up a pair for her niece). There are also dyable shoes with surprisingly stylish heels.

Grant is passionate about shoes and meticulous about colour and style. "They've got to have a little zip," he

**The salesman cannot resist glancing down, barely swallowing a snigger**

says. "They can't be dumb."

For anyone with large feet who has given up and gone out in ugly slippers, this is a pumpkin place. Every pair in Grant's shop, from the hip, bulky-soled sandal to the sleek suede pump, looks right. The strappy evening shoes he sells are mostly under \$200 (£120), with delicate buckles and subtle stitching.

Perhaps most important, Grant respects the obvious: heel height is important to women with larger feet. They tend to be tall already. When a customer, holding an inch and half heel in hand, asks for something with a little less stack because her boyfriend's a bit shorter than her, Grant is polite but firm. Uncowed, he tells her: "He knows you're tall. And he knows you're not getting any shorter. If he can't step up, well then..."

Not every shop offers such sage advice, but others do offer options. Crispin's in London, Tall Size Shoes in New York, Arthur Beren on

Union Square in San Francisco and McBe in Oakland, California, specialise in larger sizes.

Nordstrom's has a vast selection of larger sized shoes, and non-judgmental salespeople. In fact, most department stores, including Harrods (up to size 9) and Fortnum & Mason (also to 9), occasionally carry larger sizes.

The first and last refuge for those near the top of the foot-size graph is the luxury shop. Two are worth noting. John Lobb's shoes regularly run to 8½, but they run big. If it is still a tight squeeze, you can have any pattern made in your choice of colour and size, for 20 per cent added to the regular price. It may be unfair, but it is also very 20th century to be penalised for something genetic.

Besides, the salespeople at Lobb are so civilised. They will clean your shoes gratis when they are worn. Camille, a lace-up that manages to be sensible and sexy (£250), is a good choice.

Things also fall together at Salvatore Ferragamo. Most styles go up to size 9, but also run a little large. From the standard bow-on-the-front Vara, which fits perfectly and comes in every possible colour and skin (\$190 and up), to all the more timely and tempting styles.

Ferragamo's remind you that shoes - even in your size - can do more than shoe you from A to B. These zip you there. And, like a good song, they last.

■ The Small & Tall Shoe Shop, 71 York Street, London W1 (0171-733 5321).

■ Plus Nine, 11 East 57th Street, Suite 3 West, New York, NY 10022 (212 563 3090).

■ Crispin's, 28/30 Chilterna Street, London W1 (0171-496 8844).

■ Tall Size Shoes, 3 West 35th Street, New York, NY 10001 (212 756 2060).

■ Arthur Beren, 222 Stockton Street, San Francisco, CA 94108 (415 397 8900).

■ McBe's, 1701 Telegraph Avenue, Oakland, CA 94612 (510 822 1373).

■ John Lobb, 88 Jermyn Street, London SW1 (0171-930 8088); also at Hermès in New York.

■ Salvatore Ferragamo, 661 Fifth Avenue, New York, NY 10022 (212 759 3822); also in London and elsewhere.



John Roche with Imprint vase by Waterford Crystal

of the classic names of the crystal world and in order to give it an edgier image, it commissioned John Roche, the Hong Kong-born Irish designer, to do a range of

crystal for it - everything from wine glasses and fruit bowls to vases, platters and carafes.

The bowls and vases are the stars of the collection -

strong, bold and long on personality. Though not cheap, for the quality of the crystal, they are well-priced - goblets, flutes and wine glasses are £25 each, tumblers £28, while big bowls and vases range from £100 to £150. In London, the selection is available at Liberty, Regent Street, London SW1, but good department stores around the UK also have it in their glass departments.

Those who find these prices beyond their reach should consider the department stores. I've been taking a look at House of Fraser of late; it offers crackle glasses, sleek modern glass and quite quirky glass with a hand-made look at very reasonable prices. In particular, for summer, there are some well-priced generous hurricane lamps

made out of recycled glass for just £20.

At The General Trading Company, Sloane Square, London SW1, look out for some very special hand-blown glasses made in Murano by Nason & Moretti. Great for gin and tonics by the pool are some striped two-colour tumblers and bowls in almost fluorescent red/blue and yellow/green. They start at £49.

Well-known but still desirable - and again, especially for long cool summer drinks - is the glass from Biot with its distinctive air bubbles. Chunky, almost medieval shapes are special; at £27 for a small goblet and £30 for a large one, not too expensive. ■ The telephone number for Pleats Please, 20 Brook Street, London W1, mentioned last week, is 0171-495 2306.

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Those looking for exclusive pieces would do best to haunt the galleries and craft shows. Contemporary Applied Arts, now in splendid airy premises at 2 Percy Street, London W1, always has beautiful hand-made glass which makes terrific presents.

Many of the department stores make a point of selling some pieces from small glass factories around the UK. Look particularly at Liberty, which has Stephanie Middleton's bold

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## Bring my gin and tonic to the pool

There is some wonderful glass about, says Lucia van der Post

**I**t has seldom been a better time to look at buying glass. From the cheapest of stores, such as The Source, to the most quirky little boutiques, the choice is vast, the designs multifarious, the price range extensive enough to suit almost any wallet.

Those looking for exclusive pieces would do best to haunt the galleries and craft shows. Contemporary Applied Arts, now in splendid airy premises at 2 Percy Street, London W1, always has beautiful hand-made glass which makes terrific presents.

Many of the department stores make a point of selling some pieces from small glass factories around the UK. Look particularly at Liberty, which has Stephanie Middleton's bold

clear designs. Suzanne Slack's hand-decorated "stained glass" window effect vases, dishes and bowls, as well (if you want something truly different) as Beverley Davies' hand-blown studio glass in lime yellow, pink, turquoise and rose with Picasso-like faces on them.

But beautiful and quirky though hand-made, one-off pieces are, they're not exactly what we want to drink our chardonnay out of everyday.

A good compromise for those who want something special, but dare not take the risk of entrusting their unique piece of Stephen Newall at the dinner table, is the fine piece of good quality crystal - still expensive but not irretrievably so and not irreplaceable.

Waterford Crystal is one

of the classic names of the crystal world and in order to give it an edgier image, it commissioned John Roche, the Hong Kong-born Irish designer, to do a range of

crystal for it - everything from wine glasses and fruit bowls to vases, platters and carafes.

The bowls and vases are the stars of the collection -



# How to Spend It

Fashion

## How new man lost his fear and learnt to love style

Retailers are rushing to satisfy a demand for more esoteric designer menswear, says Damian Foxe

It seems the New British Man has finally emerged, increasingly style-conscious and willing to invest heavily in a designer life-style.

Earlier this week, amid a flurry of media hype, Selfridges unveiled its refurbished menswear department. Housing 30 new trendy designer labels and the recently opened men's personal shopping department, Selfridges is dedicating more than 4,300 square metres of expensive retail space to the sale of men's designer clothing.

The opening follows similar ventures during the past year at Liberty, Harvey Nichols and Harrods, among others. Between them, an extra 3,550 sqm are now filled with men's designer clothing and accessories: roughly half the size of a rugby pitch.

And to top it all off, Harrods plans to double its men's contemporary designer section later this year.

Having shrugged off his traditionally style-challenged and shabby image to become a designer devotee, it appears British men now represent a retailer's dream, complete with a fashionably generous disposable income.

No longer content to choose from a limited selection of designer clothing, crammed into the forgotten corners and dank basements of female-dominated clothing shops, men have started to demand more choice. They do not necessarily want to buy more, they just want more to choose from.

Mintel's 1996 menswear retailing report indicates that British men are not spending any more on clothing, but they are spending it in a different way. They no longer believe the meagre ranges that stores have offered truly represent the breadth of a designer's output.



Wood-polished floors in Liberty's menswear department

"Men's magazines have become much slicker in the past five years, with publications like Arena and Wallpaper pushing the top end of the designer market," explains Fiona Firth, menswear buyer at Harvey Nichols. "Nowadays men not only recognise designers' names, they even know where they get their inspiration from."

This increased sophistication is being translated into a demand for greater choice. Jonathan Ackroyd, menswear buyer at Harrods, agrees: "We've seen an increase in designer sales of about 30 per cent a year over the past five years, mostly driven by the growth in men's magazines and their escalating influence. Men are getting braver, they are increasingly brand-aware and they now know exactly what they want to buy."

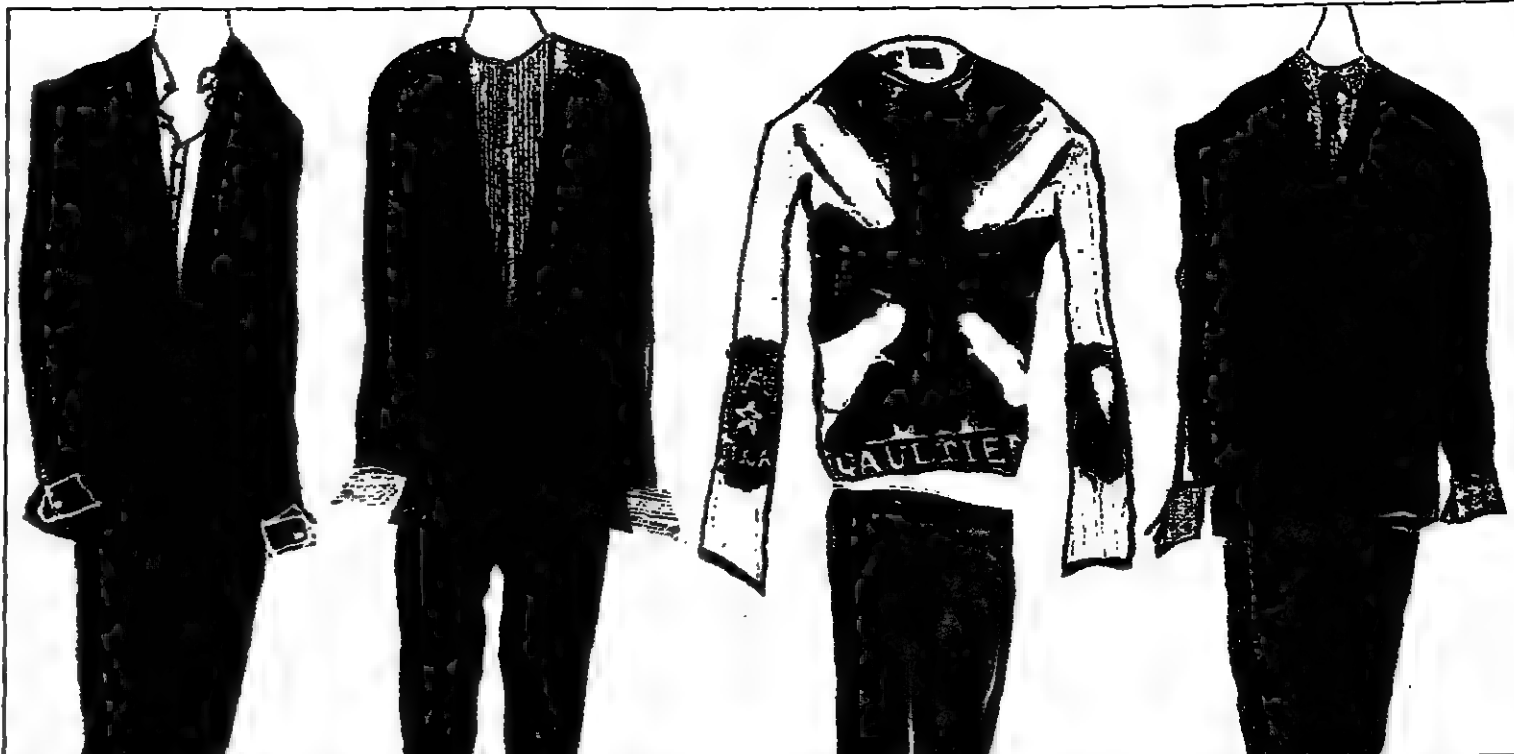
At Liberty, menswear buyer Damien Shaw points to the influence of the high street: "Jigsaw has made unparalleled advances in educating British men about designed fashion, albeit at very competitive prices, and as a result it has opened their minds to the concept of multiple options, while the style media, including pro-

grammes like *The Clothes Show*, have taken the pretension out of fashion and shown men that there is no need to be frightened of looking stylish."

Both the size of individual collections and the range of labels have grown. "Men's tastes are becoming more esoteric," explains Bill Dunne, style editor of *GQ*, "with increased demand for less mainstream clothing labels. Department stores are reacting to this and have expanded in order to stock a greater variety of labels."

Added to this pressure from consumers, designers are also exerting greater influence on the buying patterns of department stores. Such is their success in recent years that many designers are now powerful enough to impose minimum orders even on large stores. And since a single collection from an established designer can consist of 150 or more garments, stores must gear more space if they are to show them off to the full.

"Men respond better to brands than women," explains Chris Scott-Grey, editor of the trade magazine *Menswear*. "Despite their changing attitudes to fashion they are still nervous



Some of the designer menswear available at Harrods store in Knightsbridge, London SW7. From left to right: Gucci, Giorgio Armani, Jean-Paul Gaultier and Romeo Gigli. Jonathan Ackroyd, menswear buyer at Harrods, says: "We've seen an increase in designer sales of about 30 per cent a year over the past five years." He believes men are increasingly brand-aware and 'now know exactly what they want to buy'. Harrods plans to double its men's contemporary designer section before the end of this year



Akty and sleek: the redesigned menswear floor at Selfridges, Oxford Street, London W1

shoppers. They like established brands because they are safe and have strong built-in references by which they can be judged."

All this bodes well for department stores that can offer these labels enough space to make an impact. And as men's knowledge of fashion grows, so too does the range of brands they feel safe investing in. Designers such as Helmut Lang, who until a couple of years ago catered only to fashion's knowing few, now command as much space in Harvey Nichols and Liberty as Calvin Klein and Ralph Lau-

ren, while new British labels such as YMC and People Corporation, which previously would not have rated a second glance, now inhabit prestigious spots in many stores.

But if the menswear market as a whole is growing only slowly, why are department stores enjoying such a rapid increase in demand, particularly for designer labels? "This is because they take away the complexity of shopping by offering all the important labels under one roof," explains Scott-Grey.

Tamara Fulton, senior fashion editor at Arena,

agrees. "Men like the ease of one-stop shopping, unlike women who prefer to explore and discover things for themselves." And although small independent retailers offer a more one-to-one service, this is not enough to tempt the new breed of male customer away from their bigger competitors.

"Independents score on service with men who like to be lavished with attention," explains Fiona Firth, "but we find that most men prefer the anonymity of department stores where the choice is there all around them, without tracking

around from store to store."

However, such rapid expansion carries a word of warning from independent London retailers which have been negotiating the designer end of the menswear market for the past 30 years. Peter Siddall, former menswear designer and buyer at Joseph, now owner and buyer at The Library on London's Brompton Road, believes that demand for designer clothing among British men is not big enough to justify such rapid expansion.

"Department stores are losing sight of their cus-

tomers," he explains. "They want to be seen to stock the newest labels, before their clients are ready to buy them. They have historically catered to a more mass market whose taste will simply not become sophisticated overnight."

Indeed, doubling the size of men's departments in order to gain 20-30 per cent more sales reduces the return per square foot which so strictly dictates the profitability of London's most expensive retail spaces, and throws a dark and unwelcome shadow over the dazzling marketing hype which surrounds these recent expansions.

Coupled with this, some independents have reacted in a more aggressive way, creating newer and larger shopping environments which will compete more directly with large rivals.

Joseph Siddall, owner of one of Britain's most highly regarded retail chains, last year added a menswear-only store to his growing empire, and has plans to expand three menswear departments within existing stores. After the opening, Siddall said men needed a Joseph shop, and added: "Every Saturday I see the men inside my other stores waiting patiently while their women shop... now I want to see the women waiting while the men shop."

With the increased sartorial sophistication of the newly emerging British man, and a retail environment which is being systematically redesigned to pamper his every whim, women might well be kept waiting an awfully long time.

■ Damian Foxe is the fashion writer for *Time Out*

## A better class of bag lady

Edwina Ings-Chambers brings up-to-date an obsession that started with Grace Kelly

I am, though you might not guess it at first sight, a bag lady. Ever since I saw Grace Kelly pulling a divine nightgown from a delicately sized, but oh-so-beautiful black handbag in Alfred Hitchcock's *Rear Window*, bags have fascinated me. There is something about the combination of beauty and practicality, of mystery and function that gives them a certain status in the wardrobe of the modern woman.

Any Hindmarch, that mistress of the handbag whose Jensen (current retail price, £245) was spotted several times at London Fashion Week, understands my obsession. "Every woman is always looking for the perfect day bag. They want not just up-to-the-minute design but an accessory that can make them feel polished, and complete an outfit. But they also need a functional space to help organise and conceal."

Handbags are big business - just think of that ubiquitous bamboo-handled Gucci number or the seemingly omnipresent Prada bag so casually slung over so many fashionable shoulders and it is clear why vast financial empires have been built on the bedrock of a

fashionable piece of leather. What the obsessive dresser needs now is a wardrobe of handbags - to be the Inelda Marcos of the genre. To go with her floaty, feminine, fragile moods she needs one of those small beaded bags or clutches that is beautiful and ornate but can barely hold a hairbrush. But for forays into the boardroom, for the supermarket check-out, for travelling, or for serious work, she must have something spacious enough to hold plenty of work papers, as well as all the other small things the inner female requires.

A manufacturer who has realised the importance of the "go anywhere" bag is JP Tod's. Last year the company introduced a line of bags to complement its cult moccasins and it was an immediate hit with the fashion cognoscenti: seen on such fashionable arms as those of Princess Caroline of Monaco and Catherine Deneuve.

Now accepted as a modern classic, the bag is simple and elegant, spacious enough to

be used for travelling, and never looks out of place.

Orla Kiely's designs are quirkier but she makes sure they are also practical and versatile. "There's no reason why a day bag cannot be used for the evening too -

women shouldn't have to change their bags before setting out for the evening," she says. Hers are some of the few that are large and decorative and delicate enough to go happily on to evening. Her latest line

includes glazed leather with silk leaves, sketched here, as well as others in silk brocade and linen.

New to the UK is the long-established French group, La Cordonnerie Anglaise. It has recently added a range of all-

leather bags to those made from cotton toile with leather trimming.

The Lazar, sketched below, is capacious and squishy with plaited leather straps and three front pockets to store all those little

things that normally have to be scabbled for at the bottom of the handbag.

Since Kathy Formby designed a new range of handbags and leather accessories for the group last year, Tanner Kroll has gone from strength to strength. It used to be known for high quality but rather stiff traditional luggage and men's accessories, but the new women's bags, especially the Tote (sketched here) and the Circle and Squares Cut Out bags, have been quickly adopted by the upwardly mobile career girl - Tote, in particular, manages to look

elegant and yet hold any number of A4 documents.

Ferragamo is always a strong candidate for accessories. This spring its camel leather shoulder bag is a slightly modern take on an old theme and has a heavy clasp in a version of its traditional horseshoe.

□ Anya Hindmarch, 15-17 Port Street, London SW1 (0171-839 5177).  
□ JP Tod's, 35 Sloane Street, London SW1 (0171-235 1321).  
□ Orla Kiely, House of Fraser stores nationwide (0181-374 2701).  
□ La Cordonnerie Anglaise (stockists 0171-499 5594).  
□ Tanner Kroll, 38 Old Bond Street, London W1 (0171-491 2343).  
□ Salvatore Ferragamo, 24 Old Bond Street, London W1 (0171-629 5007).



Clockwise from top left:

- Orla Kiely's glazed leather bag with silk leaves, £121
- Lazar bag from Cordonnerie Anglaise, from £250. Also in black
- Tote bag by Tanner Kroll, in black, brown, camel and stone, £280
- JP Tod's medium Shopper in natural and navy, £252
- Anya Hindmarch's Jensen bag in chocolate, navy and tan, £245
- Camel high-shine leather shoulder bag, £407, from a selection at Salvatore Ferragamo

Illustration by Ashley Hamilton Lloyd

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## FOOD AND DRINK

## The madness that is spreading

Give us back our beef bones - and we'll go quietly, says Giles MacDonogh

I had hoped to be able to return to you with good news, but, if anything, the skies are still darkening for lovers of good beef. It is not enough, it seems, to ban the sale of ribs and oxtails in order to off-load our overproduced beef abroad, the measure is now spreading to previously sensible countries in Europe, and within weeks half the European Union may have imitated our hasty prohibition.

Even in January I witnessed a degree of nervousness when I went to buy oxtails in France. They could get them for me, they said, but it would require ordering from the abattoir. When the tail came, it was one of the biggest and juiciest I had seen, but it pays to know the trick.

That was France. What about England, you ask. Those of you who were wise enough to shun the supermarkets and buy your meat directly from a good butcher may well be enjoying the fruits of having paid a little more for meat in the past. I cannot say more, for environmental health officers have already started dressing up in funny clothes and loitering in butchers' shops, whispering "Psst! Got any oxtails for me?" in a crude attempt to catch them out.

If, unlike Paul Robinson, the brazen butcher of Stockbridge, they restrict their

service to a few good customers, they are unlikely to be nabbed. There are no more health bureaucrats than there were, and they have many more important things to do.

Hardest hit are the restaurants, which require beef bones for their stockpots. I am assured by Le Gavroche and Simpson's in the Strand that they have gone over to veal stock, which can be enriched with beef trimmings to give it the right flavour. The extra cost may be absorbed in the high prices such places charge. Simpson's has lost its ribs,

Le Gavroche complains it can no longer lay a slab of marrowbone on top of a few classic preparations, but they are hardly suffering.

That is not true across the board. One restaurateur priced veal stock for me at £1 a litre, and told me that he proceeds to reduce it to a quarter of its volume. His kitchen costs have soared, and he is now considering buying black market beef bones to keep prices down.

In the meantime, the British Meat Information Service is squandering money on advertising and bombarding me with infuriating

leaflets telling me that "the British love British beef". This is not the point. We got into this pickle by over-production and by taking every available short-cut offered by new feeds; or genetic engineering designed to give us the heaviest carcasses in the shortest period of time. We are taking the rap because we were the greatest offenders. It is not British beef we want, but good beef, preferably on the bone.

The hopelessness of the BMIS is compounded by their stress on "lean" meat. That is another red herring. Flavour comes from fat,

from well-marbled flesh; the leaner it is, the duller and more indigestible the meat will become.

Fortunately there are butchers out there who know what good beef is, and farmers, too. I have recommended Glenbervie's 100 per cent Aberdeen Angus on a number of occasions, and am happy to do so again (tel: 01563-740540). New to me are the Longhorns of Pedigree Meats in Herefordshire (01600-890296). Richard Vaughan rightly maintains that different breeds of animal have widely differing flavours, something

which he admirably demonstrates by his beef and Middle White pork.

Hang for up to a month, the beef is beautifully marbled, and maintains its sweetness, moistness and tenderness in the oven. Sirloins and rump steaks are recommended, but Vaughan also stresses the extraordinary flavour of his mince: the cheapest and most discarded cut of all can be delicious from an old-fashioned, unsophisticated breed.

I had always thought there would ultimately be some silver lining to this

cloud which has so threatened British culinary traditions, and that would come in the form of greater public awareness of what was good and bad. Decent farmers and butchers should get their reward. This may have arrived in the form of new legislation. This will require butchers to label their meat according to country of origin, breed, sex, age at slaughter, date of slaughter and maturation process.

This is valuable information all, and should rid us of the bogus 50 per cent Angus which masquerades as the real thing. It should also prevent others from labelling meat "traditional beef" when it has been hung for under a week. I welcome this scheme. Now give us back our bones and we'll go quietly.

## How to buy that banned substance

Kevin Pilley passes on his carnal knowledge to fellow eaters in search of the forbidden

Chief Robert Newton is accustomed to people being mesmerised by his massive muscles. He is used to people complimenting him on the size and succulence of his meat and two veg. Prime quality carnal delights are openly, readily and legally available in the Channel Islands.

Jersey is now the place to go if you like to indulge in the pleasures of the flesh.

The controversial "beef-on-the-bone-ban", which came into effect in the UK in December, does not apply in Jersey. The island's government decided not to follow the ruling imposed on the mainland. Local butchers are therefore still allowed to sell beef on the bone and restaurants to serve it without fear of imprisonment or a heavy fine.

In turn, Jersey has become a magnet for protein-starved meat lovers denied their regular fix by bureaucrats in London and Brussels. A famous offshore tax haven, Jersey has become a brisket, shank and clod haven as well.

Robert Newton is the head chef at the Normandie Hotel in St Saviour, which, at the end of March, is offering a "Beef Buffs" weekend. Habitual carnivores and self-confessed "boneheads" are expected from all over the UK to eat as much T-bone steak and roast rib of beef as they can without fear of being caught up in an environmental health office stake-out or disturbed by representatives of the Spongiform Encephalopathy advisory committee. The two-day festival will also give them the chance to talk bull-ocks.

"We have hosted a chess festival. So why not a beef enthusiasts' festival?" says Newton, carving into a monstrous ribcage of Argentinian steer. Jersey imports all its meat. It does not eat its dairy cattle. Because of the absurdity of the situation, people are now going to Jersey with the prime intention of eating prime "Aberdeen Angus" T-bone steaks and bringing home beef on the bone for home consumption.

Steak smuggling is not illegal, I believe. Joints have therefore become Jersey's most popular souvenir, and carnal gratification the latest export.

Chef Newton sharpened his knife and began with some juicy tidbits, and we hung on every juicy morsel. The road to true connoisseurship is a long and arduous one. It takes a weekend to learn to cut the mustard.

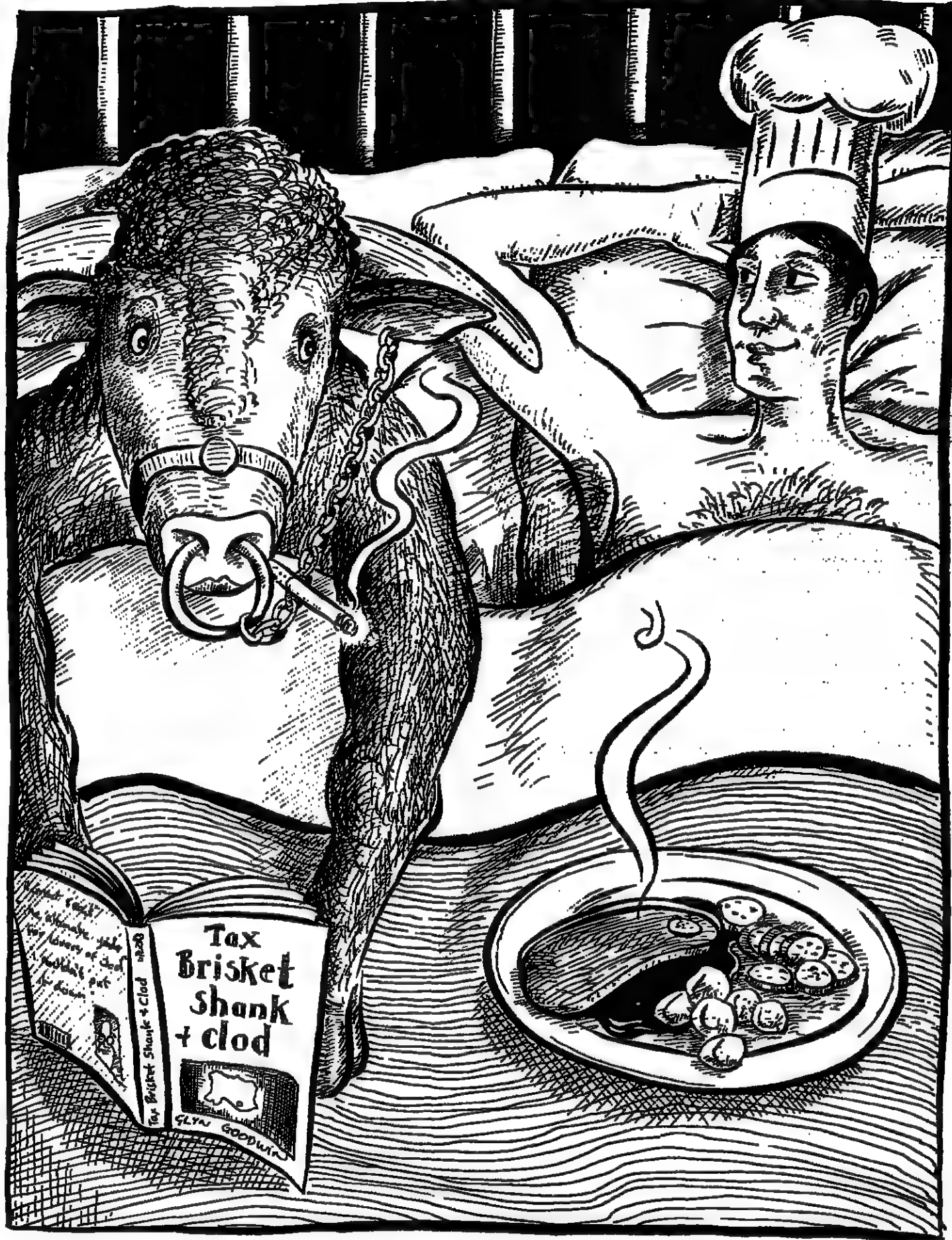
Lean meat should be plum red and slightly moist. Very bright red denotes beef which is not well hung and therefore not inclined to be tender. Dark red sinewy meat is likely to be tough. A good flecking of fat heightens flavour for

Jersey has long been associated with strange sensual delights and gastronomic unorthodoxy

steak cuts. Quality beef should have a good outer covering of fat and a creamy to pale yellow colour. The bones should be shiny and pinkish with a blue tinge. On steaks, a thick and fibrous strip of gristle often indicates old meat. Imported meat tends to have white fat and pink meat.

The Normandie beef lovers' weekend is available throughout the summer from next month. The inaugural celebration of freshly delights last weekend was a prelude to Jersey's Gourmet Food Festival at the end of May when internationally renowned chefs will be offering everything from lobster and sand eels to Cajun cooking.

Jersey has long been associated with strange sensual delights and gastronomic unorthodoxy. One of its other culinary specialties is "ormer" or "sea ear". The mollusc, a relation of the limpet and abalone, is unique to the tidal



sand banks of the Channel Islands. Gourmets have to wade out to sea and tenderise the creature by smashing it periodically up against a rock.

You eat the muscular foot which looks like a mushroom and tastes like fish. Ormering is strictly controlled and it is illegal to collect, supply or eat *Rallots*

tuberculin out of season. You face heavy fines if you do. Sark's ormers are meant to be the best. According to one writer in the last century, "an epicure will think his palate in paradise if he must always gourmandise on such delicious ambrosia".

Now is the best ormering time in Jersey. So a visit will give you

the chance to enjoy the island's two great local delicacies. And Jersey is value for money. A meal there costs around £10 a head. Elsewhere, the same meal with all the trimmings might cost as much as £50 - wine and legal costs not included.

Dinner in Jersey ends with you paying a bill. Not bail.

For further information about beef weekends, contact the Hotel de Normandie, St Saviour, tel: 01534-32226. Prices start from £48 per person for two breakfasts, a dinner and Sunday lunch. Flights from Gatwick £148. For information about the Food Festival, contact Jersey Tourism 0171-498 5278.

## A meal in the Black Forest

If food in Germany is generally acknowledged to be on the march, then the Black Forest can legitimately claim to be in the vanguard.

Top of the league is the Schwarzwaldstube, in the Hotel Traube Tonbach in Baiersbrunn. Considered by many to be Germany's finest restaurant, it provides a triumphant riposte to the claim that Michelin never awards three stars to restaurants which belong to hotels.

Beaming, moustachioed, silver-haired Heiner Finkbeiner, whose family has owned and run the hotel since the French Revolution, and his dining room team, are tireless. And thanks to the creative and supremely accomplished cooking of chef Harald Wohlfahrt, a meal here tends to exceed expectations.

A recent menu opened with an exquisite variation on *foie gras* (a slice of *mi-cuit*, a praline rolled in chopped truffle, and a seared tranche) warmed with a compote of gingered apples.

Chunks of Breton lobster came with grilled, infant vegetables and a delicate saffron sauce; turbot fell off the bone into the arms of some sun-dried tomatoes and caps with a balsamic juice. Ensuing slivers of teal were served over a jammy little red cabbage confection with a subtly creamy pepper sauce.

Next came a small pastried parcel of fresh goat's cheese with white truffles. The penultimate course was a seriously lush hot and cold upside-down tart of chocolate and mangoes, with caramelised bananas and spotty vanilla ice-cream thrown in for good measure. To wrap things up, there was a compote of citrus fruits and pineapple with fragile pineapple crisps and sundry sorbets. You could make a memorable meal of the house breads alone.

As to the wine list, consider allowing (Alsacien) sommelier Stéphane Gass to guide you. Without his help we would certainly have missed a discreetly oaked and finely fruity Pinot Blanc/Freissamer assemblage from Huber in the Kaiserstuhl, where the best Baden wines are grown, or a ripe and balanced blend of Cabernet and Sangiovese from the Agricola Quercubella in Chianti.

There is no question that the Schwarzwaldstube is seriously expensive: the seven-course menu, partly described above, costs DM210 (about £70), before wine. (A five-course option costs DM165.) ■ *Schwarzwaldstube, Hotel Traube Tonbach, 7732 Baiersbrunn. Tel: (00) 9 72 920, fax: (00) 9 72 92022.*

Sue Style

## Give the opening a miss

Nicholas Lander on the restaurant writer's dilemma

When a six-page press release announcing the opening of a new restaurant landed on my desk, I dutifully looked through the first two pages until a run of simple spelling mistakes told me to stop.

I simply could not relish a menu "divided into an exiting (sic) selection of highly original starters". Nor did I wish to spend time in the section described on the first page as a "dell" and on the second as a "Dehli".

I knew that a public relations company was being paid several thousand pounds to handle the restaurant's launch but, obviously, the owner lacked discrimination if he allowed that kind of release to be dispatched. Perhaps he would be equally careless about his wine list or his staff recruitment policy.

My policy, over the past nine years, has been, with few exceptions, not to review restaurants within their first

few weeks of opening, but to allow the kitchen and waiting staff time to find their feet before making my first visit.

However, as restaurants multiply - and there seems almost frenetic interest in the latest openings, particularly in London - I am sometimes left wondering just when one should review a restaurant, a subjective occupation at the best of times.

There is a fundamental difference between writing about the opening night of a restaurant and the opening night of a play or a concert.

Plays and symphonies tend to make their appearance when they are fully evolved and ready for inspection - whatever artistic compromises may have been

made along the way. Restaurants usually open and then evolve.

But they fascinate me, not just because of the intrinsic pleasure of the food and wine, or the fun of being with friends for a meal out, but also because of the social interaction between customers and staff.

Those relationships remind me of the late Peter Langan, a restaurateur who was always urging his managers to find out why customers flocked to his premises.

Visits to two new restaurants in London's West End, Teatro (0171-494 3040) and Spiga (0171-734 3444), have confirmed the predictability of a restaurant's birth pangs. At Teatro the wine list was a mess. Additionally, I

and others were asked for a cover charge not shown on the menu. I was told this was a computer glitch, since rectified. At Spiga, our disappointment at finding the wood-burning pizza ovens temporarily inoperable because of extra environmental health checks, was mitigated by some distinctive cooking and an engaging young Italian waiter. But I had gone there for a pizza.

Some argue that because restaurants charge their full prices as soon as they open they can be immediately, and justifiably, scrutinised on all counts. I would argue that realising that new restaurants will probably not reach full potential for at least the first three months - a sufficient reason for not wasting your money,

Certain restaurants, such as 10, just opening in Cutlers Garden Arcade, London EC2 (0171-283 7888) now borrow the theatrical concept of "preview prices" for their first fortnight.

Although this is a welcome gesture I, personally, would welcome a service charge that altered; say zero

to 5 per cent for the first two months until the wrinkles had been ironed out.

Restaurants no longer depend on newspaper reviews for their customers - although these write-ups can still boost or damage business. Now there are growing numbers of television channels, restaurant

guides and public relations and advertising companies.

Today's fashionable restaurants and chefs, and increasingly their even more fashionable investors, can command as many column inches on the news and social pages as they can on the food page. New York restaurateur Danny Meyer was recently photographed merely signing the leases on two new restaurants long before the doors opened.

Restaurants have to be conceived, built and managed to last and offer an elusive combination of hospitality, conviviality, vinous and culinary excitement. My role, then, I believe, is to point out the best, steer you away from the worst - and always give the opening night a miss.

## Old favourites in the capital

Bibendum, SW3, 581-5817  
Clarke's, W8, 221-8225  
French House Dining Room, W1, 437-2477  
Leith's, W11, 223-4481  
Ransome's Dock, SW11, 223-1611  
Pine, SW13, 0181-740 0434  
PSE, SE1, 822-4554  
La Tante Claire, SW3, 352-8045

## New(fish) favourites

Chez Bruce, SW17, 0181-672 0114  
Justin de Blanc, W1, 496-5250  
Merquise, W1, 493-1236  
Moro, EC1, 693-6336  
Nobu, W1, 447-4747  
Vong, W1, 235-1010  
Zafferano, W1, 235-5800

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## FOOD AND DRINK

## Cookery

# Why cappuccino soup makes chefs smile

Fashion has come full circle, says Philippa Davenport, who blows the froth off a few trendy recipes

When the weather blows hot and cold, as it tends to at the lamb-and-lion cusp of March and April, what I want more than anything else is soup. Nothing can beat it for comfort – food and drink conveniently rolled into one.

Soup may sound like a thoroughly old-fashioned choice, but fashions in food, like those in dress, regularly come full circle, and, after several low-profile decades, soup is enjoying a renaissance.

Today's offerings are rarely exact repeats of those that were in vogue previously. Certain classics never die, of course. To tamper with them can prove dangerous, and originality for originality's sake has nothing to do with good taste. But the majority of successful contemporary soups bear some hallmarks of our times. Neither the ingredients used to make them, nor their execution are entirely old hat.

Ambitious young chefs aspiring to culinary excellence on the one hand, and keen, on the other, to earn a handsome mark-up on their costings, make fashion statements of the cheapest ingredients available – roots, brassicas, pulses and offal, for example.

In the old days, a homely butter-bean soup might comprise measly pulses swimming in broth; the chef's version might involve puréeing the contents of the pan by pushing them through a food mill.

Chefs today, seduced by glamour and preferring expedience to manual labour, may add a drizzle of truffle oil to the mixture, and blitz it with a hand-held blender. This gadget has the unfortunate side effect of frothing liquid in such a way that soup is liable to lose much of its heat and freshness by the time the foam has died down.

Cool-headed chefs are unfazed. "Froth" is cannily redefined as a virtue. The aerated soup is rechristened cappuccino and served in coffee cups, thus implying that the creation of froth was intentional. The chef is credited with tongue-in-cheek wit – and presumably laughs all the way to the bank, for the ingredients are not expensive, the method nel-

ther complicated nor time-consuming, and the choice of small coffee cups instead of large soup plates is cost-effective.

Another soup-course trick favoured by some chefs today, and their domestic counterparts, still obsessed by high-rise presentations, is to pile garnishes up like funeral pyres in soup plates, then pour soup around them. I find it too perilous, and rather pretentious. But it is certainly true that one of the pleasures of good soup lies in a contrast between the soup itself and its garnish.

When I first put on an apron, soups were almost invariably finished with a swirl of cream or a sprinkling of croutons. Both

Now, after a decently long interval, croutons look set to make a comeback, albeit almost dry-fried

eventually became such clichés that they had to be dropped. Now, after a decently long interval, croutons look set to make a comeback. The modern versions, no longer fried in two fingers' depth of butter, are simply tossed in a modicum of olive oil and cooked in a dry frying pan, so they are, in effect, half toasted and half fried, satisfyingly crunchy but not greasy.

Taking the crouton theme a step further, slices of ciabatta or good country bread can be brushed with oil, rubbed with garlic maybe, lightly grilled, then finished in a manner complementary to the soup it is to accompany. It might be topped with something as slight as a single leafy sprig of herbs, or as substantial as chunks of freshly seared tuna fish.

Toasts like these can be handed round to eat alternately with spoonfuls of the soup, or they can be pushed out to sea in the soup itself, rafts that may

float but are more likely to sink – deliciously rather than ignominiously – as the crumbs soak up the soupy liquor.

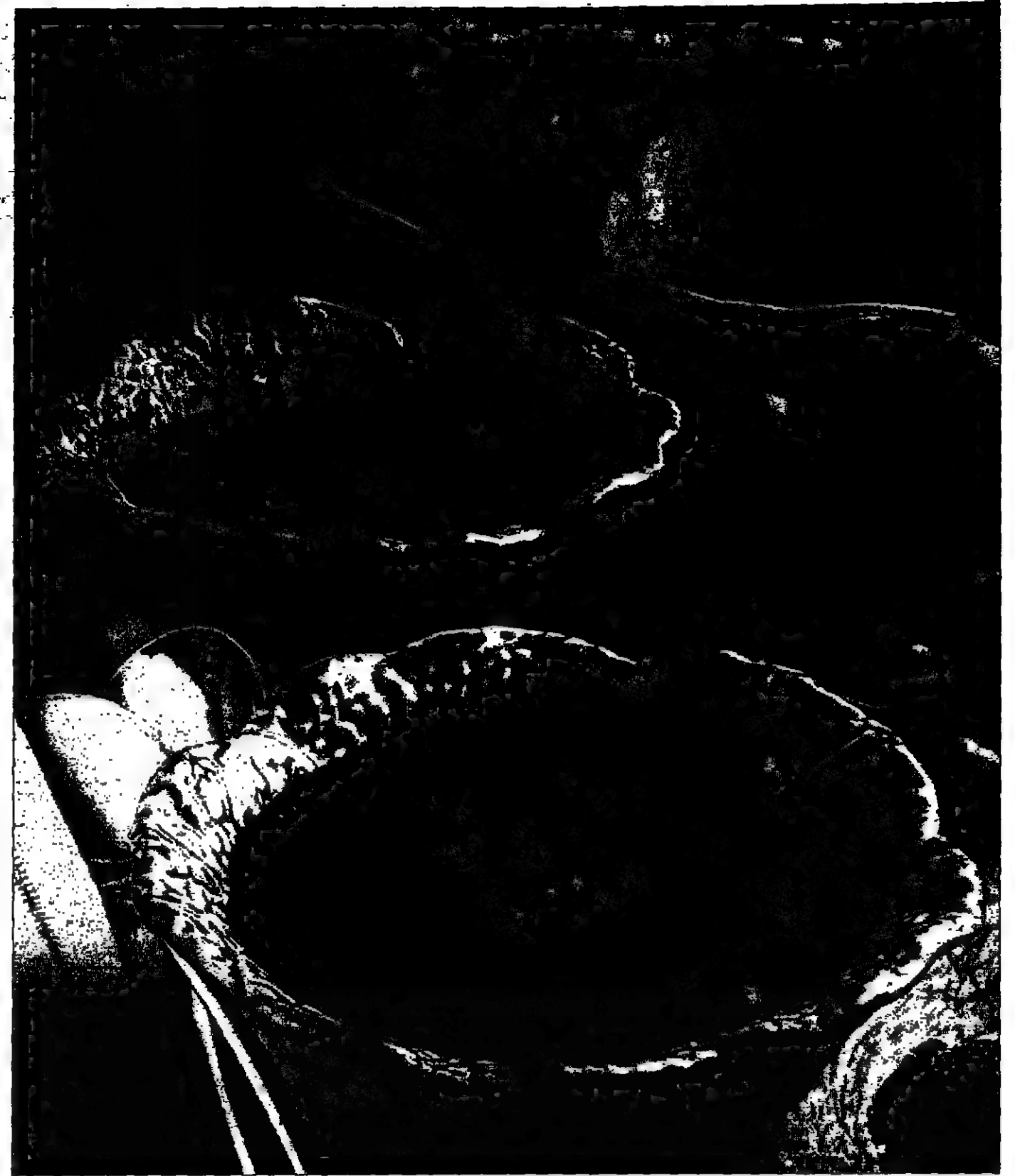
## FLORENTINE FENNEL SOUP (makes over 2 litres)

Flavourful organic fennel on sale near my home in Wiltshire has prompted me to make this soothing soup often recently.

I garnish it simply with chopped fennel fronds, and offer on the side slices of toasted ciabatta topped with filleted curls of salt anchovy, for nibbling or dunking in the soup. For soup of a smoother and creamier texture, beat a little *beurre blanc* (flour and butter paste) into the cooked and puréed fennel, and thin the soup with extra stock. This is a soup to serve hot or cold depending on the vagaries of the weather.

1.5kg fennel bulbs; 1 onion; 50g butter; 1 teaspoon each fennel seed and coriander seed, lightly toasted and ground to a powder; 2 bay leaves; 1 litre stock; 1 x 142ml tub of single cream; a little lemon juice. Chop a large, heavy-based soup pan and warm the butter in it. Slice the onion thinly – a food processor saves time and tears – and start softening the onion while you prepare the fennel and toast and pound the seeds. Reserve the fennel fronds, discard the stalks and a sliver from the base of each bulb but do not bother to remove the coarse outer layers (any stringy bits that might tangle with the tomato will be filtered out later in the process of pushing the cooked vegetable through a food mill). Slice the fennel.

Stir the bay leaves, powdered fennel and coriander seed into the onion. Add the sliced fennel and stir well. Cover and leave to stew very gently in the buttery vegetable juices for 5-10 minutes. Pour on most of the stock, cover tightly again and simmer until the vegetables are very soft. Discard the bay leaves and pass the remaining contents of the pan through the finest blade of a vegetable mill. Beat in the rest of the stock and the cream. Reheat, seasoning with salt, pepper and lemon, and garnish with the reserved fennel fronds just before serving.



Tomato soup: it may sound like an old-fashioned choice, but fashions in food, like those in dress, regularly come full circle

Tony Stone Images

## BUTTERNUT AND COCONUT SOUP (makes 2 litres)

This is a thicker and more calorific soup, vibrant with flavours. 1980s flavours. Garnishing seems superfluous, because it is substantial in its own right, but a few shavings of coconut will provide an appropriate finishing touch if you happened to have a fresh coconut handy. I am happy to settle for hot, very thin, very crisp breads on the side – prawn crackers maybe or a stack of Sardinian *pans corassu* (corta

di musica) or plain popadoms.

1 large or 2 small butternut squash (enough to yield 900g-1kg peeled and seeded flesh); 1 onion; 2 garlic cloves; a generous knob of green ginger; 2-3 little green chillies (depending on their potency and your taste); 1-2 litres; 3 pairs of haird lime leaves; 1 tablespoon coriander seed; 1 tablespoon ground turmeric; 750ml-1 litre light stock; 400ml coconut milk; 4-5 tablespoons vegetable oil; 4-5 tablespoons chopped coriander leaves.

Chop the butternut flesh into chunks and start to soften them in the warmed oil in a heavy-based pan. Chop the onion, add it and cook gently for 10 minutes. Chop the garlic, ginger and chillies finely. Toast and pound the coriander and coconut seeds to a powder. Grate the lime zest. Strip the ribs from the lime leaves and shred the greenery finely. Stir the garlic, ginger and most of the chili into the soup pan. Add the powdered spices a few seconds later, and stir again, then mix in the lime zest and

leaves. Pour on 750ml stock and bring to the boil, stirring to scrape up any sediment from the pan base. Cover and simmer for, say, 20 minutes until tender. Purée the contents of the pan in a food processor. Blend in the coconut milk, season lightly with salt and about 2½ tablespoons lime juice. Reheat, thin with more stock and adjust seasoning to achieve good flavour and consistency. Delay stirring in the chopped coriander leaves and remaining chili until shortly before serving.

## Wine

# Dreaming of cricket and Vouvray

Nicholas Faith considers some of the extraordinary wines from the Loire countryside

All the sevens, and no, not just 77 as in bingo (whatever that may be). A tasting of Vouvray wines from all the years ending in seven this century, from 1907 to the wines fermented last autumn.

Incredibly, they ranged from the excellent to the sublime, an achievement possible only with the *moelleux*, the extraordinary apply-honeyed white wines made in hot years from the chenin grape in Vouvray, the *chateau* country on the banks of the Loire.

For once, the locals, or Vouvrayans as they call themselves, are not exaggerating when they claim that they are one of the seven wonders of the wine world.

These wines – more frequently made now – are the result of a freak combination of geography and grape variety. Outside Vouvray – especially in South Africa, where it is the most widely planted variety – no one expects much from the Chenin, only the Vouvrayans take it anywhere near the limit of its capacity to ripen.

They are lucky in their

geology, with porous chalk soils underlying the villages with enchanted names: Sainte-Radegonde, Pargny-Meslay, Noizay – which make up an appellation with only 1,850 hectares (4,570 acres) under vines.

Dry wines made from the chenin can be fresh and fruity but never really outstanding, and the sparkling variety made in Vouvray in off-vintages lack crispness. Moreover too many – to be blunt, the majority – of winemakers in the region still use too much sulphur. So they produce wines lacking depth and character. Even more of them lack the patience – and the financial backing – to wait until the grapes are capable of making *demi-sec* or *moelleux*, the two top categories. Unfortunately these account for only a small proportion

of the total production. They demand not only patience, but also a willingness to ensure that only the ripest grapes are harvested.

Like the similar – but not so incredibly long-lived – wines made in other appellations on the Loire, such as Bonnezeaux and Quarts-de-Chaume, they come from grapes that have been left to become increasingly concentrated and full of sugar. They are not often attacked by botrytis, the noble rot which creates the wonders of Sauternes and the great sweet wines of Germany and Austria.

They are simply what the Sauternais would call *passerilles*, very concentrated. But they are not only full of sugar, they are also very acid, if only because the Loire is about as far north as grapes will ripen. They do

not fall apart as they mature, they retain a structure absent in less subtle wines and there is always enough acidity to counter-balance the richness.

Finest wines came from 1947, the year of Compton and Edrich miracles

As they age they take on the taste of the finest old-fashioned chunky marmalade, a brain booster, a carrot, apple, orange and ginger; a "super cleanser", a blend of apple, beetroot and grapefruit as well as wheatgrass.

Just as at 7 Barham Street, WC2E (0171-896 7376) dispenses combination juices, including those for health and workout enthusiasts. Both serve vegetarian food.

■ If there is a pod or petal you are unable to obtain for an exotic recipe – or maybe for just a plain old English one – then family-run Hambleton Herbs of

can only call viticultural pubescence – relatively early, giving the grapes the full benefit of long summer days.

For what matters in the Loire is not the heat but the length of time the grapes are exposed to sunlight before the harvest, which can extend into November, giving the grapes and wines extraordinary depth.

The results can be drunk with a wide range of food, not just the *foie gras* so beloved of French gourmets, but also creamy cheeses and creamy desserts. To the great surprise even of the locals, this dizzy vertical tasting revealed that the best of the wines held up well even in years deemed too wet, or simply not sunny enough, to have gained any sort of reputation.

The 1907, not a great year,

was slightly maderised, but only just starting to fade; the 1917, reminiscent of toffee apples; in 1937, Prince Ponia-towski, very much a local despite the name, produced a wine with the aromas of freshly sliced button mushrooms – with just a squeeze of lemon juice.

The 1967, from a M Guerin, was still young and grape-juicy, needing another 20 years, but then so did two wines (from Gaston Huet and Catherine Doye) from 1957. But, inevitably, the finest wines came from 1947. That summer of years, the one when Compton and Edrich worked miracles at Lord's, was also a dream year in Vouvray with temperatures reaching the 90s, ensuring wines which really merited that overused expression "wines of the century."

The uncrowned king of

Vouvray is Gaston Huet, the former mayor, maker, with Noel Pinget, his son-in-law, of wines which remain the standard for Vouvray *moelleux*. All their wines – including three from individual vineyards – are the very model of length and balance, with enormous amounts of residual sugar.

Huet remains perfectly capable of delivering a short, grammatical and graceful thank you after dinner speech well into the small hours. But then he is only 87, and I really do not know why I am making such a fuss about his continuing mental and physical health, given the longevity of his wines.

■ Gaudrelle is available from merchants Eldridge Pope of Dorchester (01305-251251), Lay & Wheeler of Colchester (0206-764445), Justerini & Brooks of London (0171-493 8721), Tanners of Shrewsbury (01743-234500) and others.

■ Bourillon-Rochecourt is available from Morris & Vard (0171-957 6575) and Huet from Richards Wolford of Pickworth (01780-450451).

At long last the British wine trade is waking up to the quality of old Martiniquis rum, which has a mellowness and elegance rarely, if ever found in the produce of the other West Indian islands.

Tanners of Shrewsbury (tel: 01743-234455) is now selling two mature rums from the Bally estate: a

1986 and a 1979. The younger rum (£27.50) is typical in its smell of bananas and spice. The 1979 (£35.50) naturally has the edge on it, providing an element of richness and

sweetness the other lacks. Giles MacDonald

■ The Andre Simon awards for the top food and wine books of 1997 were presented last week. Claudia Roden won the food section with *The Book of Jewish Food* (Viking, £20, 582pp); Olive Coates the wine list with *Côte d'Or* (Wiedenfeld & Nicholson, £50, 1,006pp). Nicholas Lander

■ Juice bars are beginning to sprout up around London offering a non-coffee alternative to the increasingly ubiquitous espresso bar and also drinks with a purpose. Joosie Moose on the top

## Appetisers

# A mellow and elegant rum – at last

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■ Juice bars are beginning to sprout up around London offering a non-coffee alternative to the increasingly ubiquitous espresso bar and also drinks with a purpose. Joosie Moose on the top

floor of the Plaza Shopping Centre 120 Oxford Street, W1 (0171-637 1977), produces a "eureka", a brain booster, of carrot, apple, orange and ginger; a "super cleanser", a blend of apple, beetroot and grapefruit as well as wheatgrass.

Just as at 7 Barham Street, WC2E (0171-896 7376) dispenses combination juices, including those for health and workout enthusiasts. Both serve vegetarian food.

■ If there is a pod or petal you are unable to obtain for an exotic recipe – or maybe for just a plain old English one – then family-run Hambleton Herbs of

Somerset may be able to help. It aims to provide organically grown supplies and its catalogue of spices, leaves, flowers, seeds, barks, roots, mosses, infusions, essences and much more is available for £1 from Court Farm, Milverton, Somerset, TA4 1NF. Tel: 01823-401205, order line fax and Answerphone: 01823-401001. Jill James

■ Laphroaig distillery on the Inner Hebridean island of Islay is continuing to offer interesting things from its storm-tossed warehouses. The latest is a 30-year-old malt of stunning complexity: a small of raspberries and leather and a palate of

marked and intriguing grassiness. It does not come cheap: £200 a bottle from the distillery (01496-302418).

While we are on the subject of spirits, there is a new one on the market: Blavod vodka (£11.99 from Thrashers), which has the virtue of being black. Whether it has anything else to recommend it I couldn't

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say. I therefore submitted it to a jury composed of four young Poles.

Their verdict was that it was "rough stuff", "a funny colour" and "how could English people drink such stuff – Polish vodka is better". I can see it might have certain applications though, it could provide a delicate touch at a wake, for example. (GMacD)

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■ Juice bars are beginning to sprout up around London offering a non-coffee alternative to the increasingly ubiquitous espresso bar and also drinks with a purpose. Joosie Moose on the top

■ If there is a pod or petal you are unable to obtain for an exotic recipe – or maybe for just a plain old English one – then family-run Hambleton Herbs of

Somerset may be able to help. It aims to provide organically grown supplies and its catalogue of spices, leaves, flowers, seeds, barks, roots, mosses, infusions, essences and much more is available for £1 from Court Farm, Milverton, Somerset, TA4 1NF. Tel: 01823-401205, order line fax and Answerphone: 01823-401001. Jill James

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## PROPERTY

## Gardening

## Seeking out the better plant

Look further than the nearest garden centre if you want the best, writes Robin Lane Fox

The planting season is attracting even the half-hearted gardener. Conditions have been ideal and before you stretch the widest variety of nurseries and growers in the world. The lazy way out is to go to the local garden centre and pay top prices for plants that look to be in top condition. I prefer the alternative, the continuing hunt for plants of unusual origin from nurseries of great dedication or sheer eccentricity.

Everyone has their own hunting grounds, but perhaps I can pass on details of a variety of expert nurseries, most of which I have visited personally and all of which come with excellent references. I have excluded the regular exhibitors at the London shows and those that have had wide coverage in the press. There are dozens of others, easily found through the essential companion for all travellers and gardeners, the *RHS Plant Finder*.

First, a few wise growers who must be visited in person. Peter Chappell will send you a catalogue for three first class stamps. He has been delighting many of my friends with his unusual border plants and shrubs, some of which have been recycled to me. You can visit him from Tuesday to Saturday. Further east, I make a yearly visit to the sharp-eyed plantswoman, Elizabeth Strangman, at Hawkhurst in Kent, where the April flowers in her adjoining garden include some superb patches of anemone and the double white Canadian Bloodroot.

Westwards, I spent a happy winter morning a few years ago at Plant World in Devon. There, Ray Brown has laid out a nursery like a map of the botany of other countries. He has excellent

primulas, unusual alpine and fairly priced border plants. On a similar scale, in a smaller space, I have hunted very happily at Duncan Straw's remarkable Perhill Nurseries, where the range of alpine and border plants is exceptional.

Nearer home, in my case, is Gerald Sinclair's Nursery Further Afield. The hardy geraniums are excellent, as are the varied border plants available for immediate transplanting. For an even wider range, including excellent trees and shrubs, it is almost worth weekending specially near Penlyne Nursery at Lostwithiel. Delivery can sometimes be arranged and it is one of the outlets I would exploit if I were starting from scratch.

Mail order opens up a much wider range and I have never suffered a horror story of badly packed or damaged plants in the post.

In Scotland, do not forget the alpine nursery of Jack Drake at Aviemore, a superb source of rarities for neutral to acid gardens. For violets, violas and unusual border plants, send £1 for a catalogue from Elizabeth MacGregor, Perhill Nurseries, Worcester Road, Great Willey, Worcs. Nursery Further Afield, Emsley Road, Mirkbury, Northants.

Six first class stamps will secure you a remarkable list from Monksilver Nursery. Orders over £10 are sent by post and you could stock an entire garden with plants that only specialists would recognise. Anyone with an unheated greenhouse, ready for small bulbs and alpine, should send £1 of stamps to Potterton Martin, which has a superb range of rarities,

including excellent cyclamen and fritillaries, grown in appropriate compost. Paul Christian has an equally remarkable list (three first class stamps) and will supply with anything from rare crocus to lovely forms of shade-loving Trillium.

Inevitably, mail order works best for small hardy plants and for roses. Anything bought from a greenhouse or plastic tunnel is best kept back until the threat of severe spring frost is past and the plants have had a chance to acclimatise on gentler evenings to life outside your house.

Never have British gardeners had so much on offer. It is really rather timid to drive to the nearest supermarket and simply buy a plant from a colour photograph when you know that your garden needs more interest and the spring sun is beginning to shine.

Contact addresses: Peter Chappell, Boldre, Lymington, Hants SO41 5QE. Elizabeth Strangman, Washfield Nursery, Hawkhurst, Kent.

Plant World, Botanic Gardens, St Marychurch Road, Newton Abbot, South Devon. Perhill Nurseries, Worcester Road, Great Willey, Worcs. Nursery Further Afield, Emsley Road, Mirkbury, Northants.

Penlyne Nursery, Cott Road, Lostwithiel, Cornwall. Jack Drake, Inshriach Nursery, Aviemore, Invernesshire.

Elizabeth MacGregor, Tongland Road, Kirkcudbright, Dumfries DG6 4UU.

Cally Gardens, Gatehouse of Fleet, Castle Douglas DG7 2DJ.

Monksilver Nursery, Okington Road, Cottenham, Cambridgeshire.

Potterton Martin, Moorstown Road, Nettleton, Lincs.

Paul Christian, PO Box 468, Wrexham, Chwyd.



The picture-book 17th century Château de Maubuisson - with a station nearby

On the Move / Gerald Cadogan

## Sporting estates come into season

Spring is a good time for hunting, shooting and fishing folk to consider buying sporting property. But it takes a lot of money up front to buy a sporting estate.

The usual way to price these properties is by valuing the game over a five or 10-year period and adjusting the sum for other amenities, including the lodge.

Stag values are rising, reports Strutt & Parker Research, although they are still way behind the £30,000 a stag of the late 1980s, and grouse have topped their 1990 peak and are now likely to be over £3,000 a brace.

(These figures are actual prices. Adjust for inflation, and grouse remain below 1990.) But salmon prices continue to decline, after the astounding peak in 1993 of £13,000 a fish.

A 1.5-mile beat, mostly double bank, on the river Blackwater in Ross-shire, with a five-year average of 108 fish, is for sale through Bowles (01243-890400) or Knight Frank (0131-225 8171) for offers over £500,000.

KF also lists Glenrossa in Sutherland (for offers over



The barn at Charlbury: what could you do with it?

£1.5m), with 2,500 acres, fishing on the river Cassey with a five-year average of 127 salmon, a family pheasant shoot, walked-up grouse and some stalking.

Cheaper in price per acre is the Aline estate of 7,430 acres, with sporting rights over a further 1,510 acres, on the Isle of Lewis in the Outer Hebrides. For salmon, sea trout, deer and game birds, Strutt & Parker (0131-225 2500) asks for offers over £700,000.

In Herefordshire, Brinsop Court is a moated manor dating from the 14th century and listed grade 1, with 775 acres, and 12 loose boxes - for hunting with the North Herefordshire. The land

includes 240 acres of mature woods, good for a first-class shoot. The price from Brinsops (01981-570727) or KF (01432-253067) is \$4m.

In Wiltshire, Manor Farm at Farnham de la Mere in the lovely Wylve valley, with 1,617 acres running up to Salisbury Plain, offers a wall-run arable farm, and the chance of an excellent partridge shoot, as well as pheasants. S&P (01722-328741) seeks offers over £5.5m.

## Barn plans

What do you do with a dilapidated field barn in open countryside? Planners are loath to give consent for

change of use to housing since these buildings are outside the village envelope.

This is why the owners of a barn near Charlbury in Oxfordshire have decided to offer it for sale or a long let, conditional upon the buyers receiving planning permission for the use they want.

This Cotswold barn stands in half an acre, the vendors keeping the farmland around. The final price will reflect the planning permission the buyers obtain, but agent Clegg Kennedy Drew (01608-810335) thinks it likely to be more than £160,000. Besides making a house, one suggestion is to turn it into an art gallery.

## Pub apartments

The Gin Palace was a handsome pub on Market Road in north Islington, London N7, one of four built at the corners of the Caledonian Market of 1866, when the City of London Corporation decided to move the market in livestock - cattle, sheep and pigs - away from Smithfield, where it had been since the Middle Ages. Although the market had room for 7,000

cattle and 42,000 sheep, it had to close in 1939.

The pub, a Victorian version of an Italian palazzo, began life as The Horse. Now a listed building, it is being converted into two-bedroom apartments that offer high ceilings and plenty of light at prices between £150,000 and £179,950, with one unit priced at £275,000. It is near Caledonian Road Tube station, and Pentonville prison. The agent is Holden Matthews (0171-226 1312).

## Dordogne château

Tucked into the châteaux in the upper Dordogne valley in south-western France, an area long popular with the British, the picture-book 17th century Château de Maubuisson at St Denis près Martel is for sale for FF8m (£490,000) through agents Marshall Bendall with Keats and GAK Williamson (01982-734633). The price includes a caretaker's cottage, outbuildings and two hectares (five acres) of grounds, but not the fee for the *notaire*. There is a local station with direct access to Paris and Eurostar trains.

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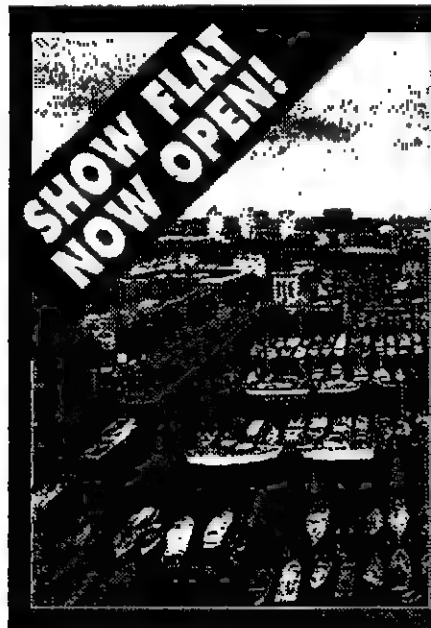
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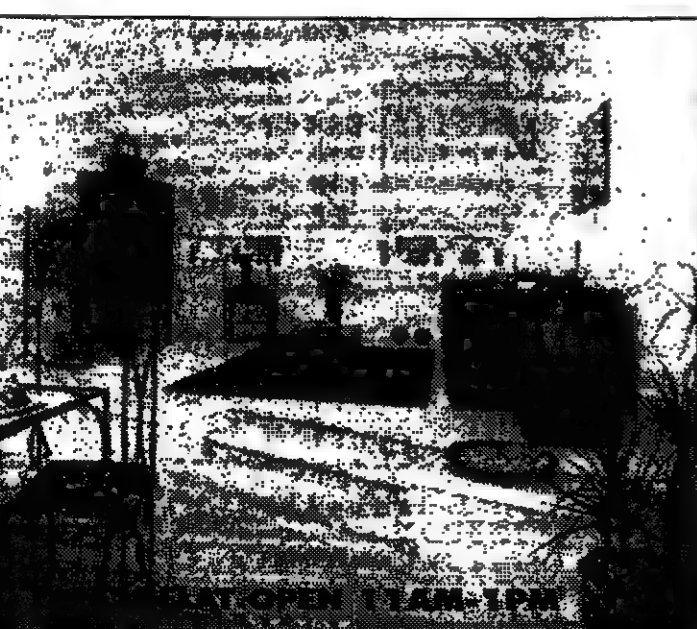


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**LAND OF NOD:** Visit the Land of Nod, the Throne of Solomon and other little-known sites on an Iran trip with Ancient World Tours (+44 07071-222950), led by historian David Rich, leaving on April 28; £1,598.

**VINTAGE VISIT:** When you go on a Drive of Your Life break at The Lygon Arms hotel in Worcestershire, you get a tailor-made, chauffeur-

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**MOORISH:** Stay in thatched Shilstone cottage - dating from 1485 - near Dartmoor, with Farm and Cottage Holidays (01237-479998). Search for others, buzzards and badgers or relax by the river.

**TOURGATE:** Take a Scandal Tour of Washington DC in the company of the Paula, Gennifer, Kenneth Starr and Bill and Hillary lookalikes of the Gross National Product theatre company: \$30 a head, at 1pm on Saturdays. Book on +1 202 783 7212.

**ROLL OF ROCK:** Want to visit John Lennon's birthplace, Meme Cass's deathplace, the railway station where Paul Simon wrote "Homeward Bound", the spot where

karaoke was invented (in Stockport), and the window Jarvis Cocker jumped from to impress a girl, breaking both his legs? The indispensable guide is *Fodor's Rock & Roll Traveller Great Britain and Ireland*, £12.95 from bookshops.

**SETS RISE:** Osborne House, Queen Victoria's Isle of Wight home, has seen visitors rise 25 per cent since it appeared in the film *Mrs Brown*, says English Heritage (0171-973 3250); its other viewable film sets include Stonehenge (Tas), Dover Castle (Hanked) and Kenwood (101 Delmellers).

**KIDS' REID'S:** Children between 3 and 12 can join the Fun at Reid's Club at Reid's Palace Hotel, Madeira, over the Easter holidays: face-painting, treasure-hunting and swimming for younger ones, golf and tennis lessons, windsurfing or cooking for older ones. Lago and videos for all. Monday to Saturday, 10 to 5; call +44 01711-805 5059.

**PRIVATE VIEWS:** See inside palaces and private villas which most cultural tours miss, on trips led by art historians Roger White and Nicholas Drake - to Sicily (May 2), Sweden (July 25) and Genoa (September 24). Prices from £1,500. Details from +44 01711-350 0065.

**COUNTRY CASTLE:** Wouldn't it be Slovenia to stay in the fairytale Otoc Castle, now a luxury hotel, on a river in Slovenia? Hunting, fishing, boating, tennis, archery all available; spa and thermal springs nearby. A week's package costs from £740; call Slovenia Pursuits on +44 01768-852648.

**EN GARDA:** Opera under the stars in Verona's Roman amphitheatre is an experience; summer 1998 will see *Aida*, *Traviata* and *Un Ballo in Maschera*. Tickets to three performances are included on holidays with Prosopid (+44 0181-995 2151), on which you stay six nights at Lake Garda -

transfers included; cost from £1,075. You can also stay in town - or see Mozart in Warsaw, cruise to Sevastopol, or do the film cycle in a week in Budapest.

**OFF TO A FLYER:** Fans of old-style travel can go with British Pullman's steam engines and classic carriages to Shoreham airport, Sussex, for Vintage Flying Day on May 12, and take to the air in pre- and post-war aircraft. Price, including meals and two flights, £285; call 01711-805 5100.

**DEEP SOUTH:** The former southern Soviet country of Armenia receives few tourists, but an escorted tour with Sunvil (+44 0181-568 4498) won't cost you an arm and a leg: just £277 for a week. Stay in Yerevan (the only decent hotels in the country) and go on day trips to mountains, lakes, monasteries. Leaves April 20. Another out-of-the-way ex-Soviet entity, Georgia, can be seen on a

two-week trip in 4WD vehicles arranged by Sherpa Expeditions (+44 0181-577 2717) in June and September, costing £1,170.

**FARE PLAY:** Hugo van Reijen, a frequent flyer-plus, reckons airlines have funny ways of making you pay as much as possible. (He's Dutch, so KLM gets a spanking, but he claims most are just as bad.) His accumulated wisdom, with advice on fighting back, is in *Why Not Fly Cheaper?* - £9.95 from Aldis (+44 01743 238551).

**PILLIONAIRES:** See Germany by motorcycle, on an escorted tour with Mowin (+44 0116-271 8822), from £430 (more if you rent one). It covers 850km, and an English-speaking guide accompanies you. You need to have held a licence for two years.

**HEILANDIA:** Whippley St Peter has been called "possibly the finest village church in England". See it on a weekend tour of Farland churches

with Whistler Breaks (01743-718964) on July 10; £213.

**GET INUIT:** Go by snowmobile and sled round the park Joe of Canada's Baffin Island to see the spring harvest of the Inuit people, on a nine-day Guerba trip, leaving on June 11 or 18. Details on +44 01373-826511.

**VEGETARIAN** cooking only, at the Country House Montali, near Perugia in Italy; book through Italitours on +44 0171-605 7500.

**ORIENTAL** Hotel, Bangkok, one of the world's best, costs £895 for seven nights, including flights, with Jules Verne (+44 0171-616 1000).

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# Mount Etna smokes, Catania awaits...

and Peter Aspdén reports - on marzipan and hot rocks

Orlando is a fit high knight in gleaming gold armour who proudly stands guard over the cash till of the Caffè Belvedere in the Sicilian coastal resort of Acirezza. He might not be too effective in the event of misadventure, for he is made of marzipan. But Orsorio, who serves behind the bar, treats him like a friend: "He took two months to make. But one day he will be bought and taken away. It will be a shame."

The art of making elaborate models out of marzipan - or *pasta reale* - reaches improbable heights in this part of the world. Not only for the dedication required, but also because of the presence of another, less palatable, friend hovering in the background of the town: Mount Etna.

Just consider: the construction of Orlando took two months, but Etna virtually destroyed this entire section of coastline in just over double that time late in

the 17th century. And, as its occasional belches and a stream of smoke testify, it is still very much alive.

Remarkably, after that eruption in 1669, the people of Catania province disdained the understandable urge to flee the area. Something made them stay put. But it does not require too much imagination today to comprehend their resolve: a stunning rocky coastline, soil made more fertile by successive flows of lava over the centuries, a gorgeous climate.

So Etna's threatening burps are a small price to pay. Living in the mountain's shadow has even imbued its people with an attractive tinge of black humour. In 1992, the last instance of major activity, a man about to lose his home to the molten flow appeared live on television to toast the volcano's vitality as the lava slithered into the back of his house.

Viewers were gripped as the fate of a nearby village, Zafferana Etnea, hung in the balance for weeks on end.

On this occasion, a combination of diversionary tactics and hard prayer appeared to succeed. But Etna still smokes, and Catania once more awaits.

It is in the city of Catania itself that one finds the most intriguing results of the 330-year-old eruption (which was followed, just 34 years later, by an even more devastating earthquake).

Although it was completely rebuilt in the century of Enlightenment, the city is today known as a place of murkiness: both literally, from the dull, charcoal hue of the lava which was used to construct its principal buildings; and metaphorically, as one of the island's centres of organised and petty crime.

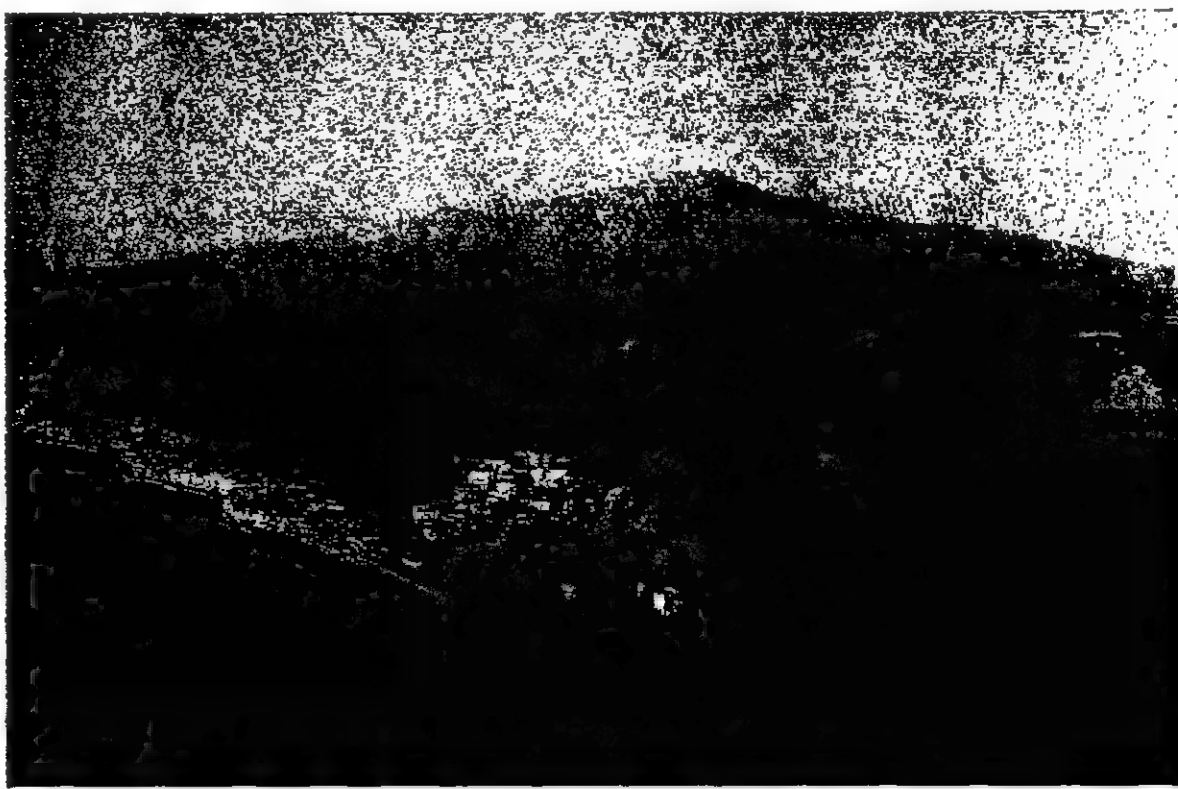
Indeed a leading guidebook goes so far as to label the city the "Chicago" of the south, which seems a bizarre exaggeration. As you stroll through its centre in the small hours of the morning, it looks at its least forbidding: groups of revellers

cluster round kiosks sipping the local speciality, *seitz e limone* (nothing more sinister than soda water and crushed lemon), while the student population makes its lively presence felt.

Most impressively of all, the middle of the night is the best time to appreciate Catania's splendid baroque architecture. The city centre monuments, drab, shabby and over-run by bustling shoppers during the day, suddenly acquire a striking elegance in the peace of night. The chiaroscuro of black lava and light-coloured limestone enriches the drama.

Catanesque baroque is a weird combination of the rational mind and the overwrought imagination. The imperative to raise the city once more following the two natural disasters gave planners the opportunity to construct the wide, straight avenues and harmonious piazzas beloved of the city.

Yet it is the buildings and monuments themselves, elaborate, frivolous, occasionally grotesque, which set



Mount Etna: its threatening burps have imbued its people with an attractive tinge of black humour

Tony Stone Images

the tone of the city. There is Giovanni Battista Vaccarini's black lava elephant, supporting an Egyptian obelisk on its back, in the Piazza del Duomo; the ornate terrace of the Palazzo Biscari, where twisting *pasta* and extravagant floral patterns vie for attention against the background of black stone; the claustrophobic clutch of imposing churches in the side-street of via Crocifera.

It is as if the near-destruction of the city forced the vision of its people to ever more extreme contortions. Those people would come to need yet more of their famed stoicism: the 1700s would see Catania successively ruled by the Spanish, the House of Savoy, the Austrians and the Bourbons. But here at least, in the physical space all around them, they could play to their hearts' content.

There is real poignancy amid the poise.

Unfortunately for Catania, the shadows cast by this region's well-publicised criminal elements are no less enveloping. The endemic and ubiquitous nature of Mafia activity has given this entire area a bad press, but as throughout the island, there are some grounds for optimism, a sense that the shocking deaths of anti-

Mafia crusaders Giovanni Falcone and Paolo Bonellino and subsequent arrest of Salvatore Riina, "Boss of all the Bosses", marked an overdue turning point in the fight against crime.

Locals know it will take more than an array of marzipan soldiers to win this particular battle; but they have already proved that they are made of sterner stuff than poor, doomed Orlando.

## Nietzsche thought here

Kieran Cooke ponders life in Turin's cafés

The marble step into the Caffè Bicerin in Turin is worn with age. Alessandro Dumas walked through the doorway; Nietzsche was a regular. Giacomo Puccini sat over there, in the corner, munching macaroons - amaretti - and composing his operas.

Certain cafés, bars and restaurants are like close friends. You might not visit them often but it is comforting just knowing they are there. These are among my favourite haunts: a meal at Manzi's fish restaurant in London; a late morning pint in the back of the Long Bar in Dublin; breakfast on the rooftop terrace of The Rex Hotel in Saigon; clam chowder at the oyster bar under Grand Central Station.

The Bicerin tops the café list. The first thing to notice is its size. Walking through Bicerin's door is like entering a doll's house. Small marble-topped tables are lined along each side of the café's only room. The chairs seem more suited to children than adults.

Turin's cafés were once a male preserve, meeting places for merchants and the literati. Bicerin was differ-

ent: open since 1793, it has always been owned and run by women. In time, it became fashionable for women to take their coffee there after receiving communion at the Santuario della Consolata across the piazza.

Bicerin's speciality is a drink named after the café, made of hot coffee, light cream and chocolate. This is particularly good in the winter months. In summer, the lighter *cioccolato freddo* is more popular. Pastries can be selected from a small glass cabinet by the counter: the *servizio di Torino* is a rum-soaked tart which is hard to resist.

On a recent Sunday morning I sat at a table outside and sipped a Bicerin, served in a long-stemmed glass. Priests and nuns in billowing habits walked by. An elderly lady in a wheelchair was enjoying the autumn sunshine. On her hands were gloves of the most delicate white lace.

From the church came the hum of resplendent voices. At a nearby table, a young couple ate *gelati*, giggling and helping each other to spoonfuls. A young girl sat on a chair, kicking her legs in the air as she munched her way through a plate of

almond and hazelnut biscuits. A man with silvery hair drank a glass of apamand and read *La Stampa*. There was a timeless feeling about it, as if life had been as quietly elegant for generations.

The Ristorante del Cambio, not far away in the Piazza Carignano, is another entry on the most favoured places list. The del Cambio first opened for business in the 18th century and is considered one of the best restaurants in Italy.

The food is classic Piedmontese: full of strong flavours and heavier than elsewhere in Italy. It is also plentiful, so make sure your stomach is in good fettle. For a first course try *finanziera*, a mixture of chicken gizzards and livers, porcini mushrooms, veal and Marsala wine. (The dish is named after a costume once worn by Turin's financiers.)

For the next course, I suggest something light like *tajarin* - a thin egg noodle. However, if you are brave and bent on indulgence then *agnolotti del piñ* - small, filled pasta served with truffle shavings - is a local speciality. For the main course try *brasato*, very slowly cooked veal or beef.

Pause frequently to give your digestion a rest and take in the surroundings. Nothing is rushed at del Cambio. The décor is ornate. Cherubs look down from

each corner and chandeliers reflect off full-length, gold gilt mirrors. Red velvet seats with antimacassars stretch along each wall.

The waiters are quietly attentive. While I was there a young man was being schooled in del Cambio's ways. "No," whispered the head waiter. "You do not pour the wine that way. You do it this way." It was like a bishop lecturing a novice on the way to say mass.

In Italy, cheese is eaten before the dessert. The waiter helpfully explained that to enjoy the local cheese selection fully each should be eaten in turn. "You begin with the mild *paglierina* then move anti-clockwise on to the *rebbioch*, then the *turbin del nel* and finally to the *porporozola naturale*."

After another long break, the dessert trolley makes its glorious appearance. *Pere cote di vino* - pears cooked in red wine - is a simple, cleansing dish. *Torta di nocciola* - hazelnut cake - is a local favourite.

Drink one of Piedmont's red wines, such as Barolo and Barbaresco, as they are among Italy's best. Moscato d'Asti is a fine dessert wine.

Now stagger to your feet and bow to the waiter. As you leave you might even hear a Puccini aria.

☐ Caffè Bicerin, Piazza della Consolata, Turin. Closed on Wednesdays. Ristorante del Cambio, Piazza Carignano, Turin. Closed on Sundays. Tel: 011-540892.



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## TRAVEL



Postcards from the Transylvanian edge: a gypsy family; preparations for a meal and the haycart home - horse-drawn vehicles are more common than cars

## Song of the village musician

Anna Reid confronts the mix of peoples, cultures and languages in Transylvania

The man is jamming choirs under the wheels of an ox-cart. "Over there," he tells us, "they're getting ready for a wedding. Up a path, into a farmyard, the scene is too folksy to be true - something from a film set perhaps, or a historical re-enactment weekend. Headscarved women dash about with bowls of melted chocolate and ground-up walnuts, and put crescent-shaped biscuits into an outdoor oven on long-handled wooden pallets.

At a trestle-table, chickens are being plucked and gutted; a couple of old men, in finely-woven straw hats which look like upturned waste-paper baskets, have expertly sliced the birds' throats.

The bride and bridegroom are not there yet, but the bridegroom's mother takes a minute off to show us what her son will be wearing tomorrow - the coat and embroidered pantaloons of Hungarian national dress.

Although it is a Hungarian village, we are in Transylvania, a part, since the Treaty of Trianon dismembered the old Magyar king-

dom in 1920, of Romania. A patchwork of mutually suspicious cultures and languages - Romanian, Hungarian, German and gypsy - the region is an ethnographer's paradise, and one of the most absurdly picturesque places in Europe.

Rolling hills are spread with beech, hops and maize grow below, providing the background to people who look as though they have walked straight out of an agricultural museum: horse-drawn carts are more common than cars. On the main road to Bucharest the principal hazards are geese and water-buffalo.

At Transylvania's heart are the Siebenburgen, seven fortified cities built by German settlers at the invitation of a 12th century Magyar king who used them to guard his southern marches against the Turks.

The largest are Cluj - Kolozsvár in Hungarian,

### Information

Discovered as yet only by intrepid travellers and aid workers, Transylvania is a wickedly seductive place. Using a hired car, and, preferably, an interpreter - Sibiu's Hotel Imparatul Romanilor will put you in touch with language students from the university, and £50 a day is a generous wage - it is not difficult to get around, and is only a day's drive from Bucharest or, better, Budapest.

The excellent Rough Guide to Romania will tell you where to stay, and tread a sure path through the country's convoluted history. After decades of misgovernment, Transylvania is also in dire need of tourist income: its historic buildings are heart-breakingly dilapidated, and a few dollars into a church collecting box bring tears to a caretaker's eyes. I will be going back.

Klausenburg in German - and Sibiu, both once prosperous university towns splendidly furnished with curlicued merchants' houses and barbaric Magyar-revival statuary.

The most dramatic, tumbling down cliffs "like a citadel in an illuminated peal-

Leigh Fermor, the writer who visited in the 1930s, is Sighisoara, or Schassburg. Ceausescu, the former dictator, destroyed the districts along the river, but thought the upper town too much trouble to demolish. Battle-

menter walls, strung with pepper-pot towers named after the medieval guilds that financed their upkeep, look out over stone staircases and red-tiled roofs; Greek gods pop out of a spiky clock-tower at midnight, and one can have a pleasantly unsettling beer in the house where Vlad Tepes - "the Impaler", and inspiration for Bram Stoker's *Dracula* - was born.



the loveliest is the so-called Black Church in Brasov, a Gothic pile complete with 18th century pews. "Busy hands make wealth," says one in good Germanic style.

Captured Ottoman prayer mats glow red and gold against chaste Lutheran plaster. In a sacristy under the bell-tower stand life-sized effigies of 17th century burghers in spade beards and fur cloaks, clutching maces and bags of money.

Around them is exuberant Transylvanian heraldry: pumpkins and passion-fruit, weasels, stags and bears; a skull necked with snakes; a fox with an arrow through its neck; a winged unicorn; and an angel holding a curtain of fire.

After a morning listening to Bach, I lunched with Suss, my interpreter who is a young Hungarian-Romanian film-maker.

Bowls of *cioba*, the borscht-like stew, spiked with sour cream and green

chilli, a Romanian staple is served.

That afternoon, we gave a lift to a gypsy mother and daughter on the way to their village. When the road turned too rutted to drive further, they invited us to walk home with them, to a two-room, dirt-floored cottage papered with shiny biscuit-wrappers and decorated with tinsel and plastic roses.

A bottle of wine from the boot broke the ice, and soon the yard was full of children, standing on tiptoes and fanning out their skirts for the camera. The village's best musician was persuaded to sing - a long, keening wail straight from the heart of the Balkans. Our hostess's husband asked for a photograph with his pony, and the girls put on a tape and pulled us into a shuffling, finger-clicking dance.

Afterwards, the littlest ones taught us to count in Romanian - "Yot, dua, tri, shar..." - while a toothless matriarch lit a wood stove with a strip of plastic sack- ing. It was getting late, but demurring was useless: "If you don't drink my coffee I'll go blind." Cows were trailing home through the dusk before we left.

## Laughs with wolves

The wolf was lying back - one paw behind his ear, eyes glazed - and had a fixed, satiated grin. It also had wings... a sure sign that the bar owner had a sense of humour, a characteristic not readily associated with introspective Estonians.

The beast was, of course, stuffed and took pride of place in the window of the Kover Korte bar in the old part of Tallinn, Estonia's capital.

It is a pleasure to drink in the pubs and bars of Tallinn as much for the quirky decor as for the prices - a half litre of good yeasty Saku pilser costs 20 Estonian crowns (just under £1). When the sun shines, customers spill out on to the cobbled streets and squares. For a medieval city it has been blessedly spared the excesses of Sovietisation - for that dispiriting experience you only have to walk to the suburbs - and the old part of Tallinn is one of the best preserved former Hanseatic cities.

Estonia is a small country - population only 1.6m, about one third of them ethnic Russian. Once again, it is independent (the country enjoyed a brief respite between 1919 and 1940 from being used and abused by its neighbours - variously Danes, Germans, Swedes and Tsarist Russians).

The euphoria produced by the break-up of the Soviet Union in 1991 has subsided but the hard economic reforms that followed have, for the most part, been driven through.

Now is a good time to visit - the worst of the Soviet system has gone - and there is plenty to see and do that is still exciting and comparatively unspoilt. You can enjoy anything from wolf hunting to touring haunted manors, formerly owned by the Baltic German nobility who made fortunes trading with Tsarist Russia, or simply staying in the capital, enjoying the history and culture or buying antiques.

Tallinn is on the same lat-

tude as Orkney and southern Alaska. If you visit in summer there is plenty of daylight. Roaming in the gloaming took on a new meaning for me on my city pub crawl - it began after supper at about 10pm and ended four hours later.

It never actually became dark and, as I returned to my hotel along the waterfront near the area built for the 1980 Moscow Olympics when the yachting was held just out of town, the half-light was magical.

Tallinn was founded sometime in the 10th century. Toompea castle was constructed to give protection to the safe anchorage below in a bay leading to the brackish and virtually tideless Baltic. Beneath its fortified walls, the old city was built with its own wall and gates and 20 watchtowers.

A Gothic town hall dominates the main square, which is still a place for gatherings and concerts. When I visited there was a week-long music festival

going on; many of the coiffed young women in micro-skirts wore fashionable high-heeled shoes in spite of the crippling cobbles. Young men sported the ultimate entrepreneurial accessory - a mobile phone.

On one corner of the square is a business first documented in 1422; it is claimed to be the oldest apothecary still prescribing in Europe. Enjoying the fruits of privatisation, Estonians go for pizzas and burgers.

I was more interested in the traditional dishes: fresh fish soup, local smoked salmon, sprats and a sloppy mashed potato dish with bits of pork eaten with pickled beetroot and sauerkraut.

Christopher McCooey was a guest of Estonian Air, which has six flights weekly from Gatwick to Tallinn. Fares start from £230 return. UK reservations: Tel: 0171-338-0196.

Christopher McCooey

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## TRAVEL

## Skiing

## At its best, it's brill

He came. He saw. He ate. Arnie Wilson gets enthusiastic about Megève

With horse-drawn sleighs jingling, assorted Christmas trees and fairy lights in the main square, bells clanging in the bronze-tinted, green tower of the 14th century church, and shoppers bowed beneath driving snow on the narrow, cobbled streets, Megève this month was very much like Megève at Christmas: magical.

It was a refreshing change from so many of France's bleak purpose-built ski areas.

Skiers in search of that comparatively rare combination - Gallic charm, rustic buildings and delicious cuisine, all in a mountain setting - would be hard pressed to improve on this *grande dame* of French resorts which, until the advent of brave-new-world ski areas such as Les Arcs and La Plagne, was the place to ski in the French Alps.

For confirmed Megève aficionados, of course, it still is, although Courchevel has stolen a good deal of its glory. However, making the best of what amounted to something of a decline in the 1980s, the tourist office insists: "The village is proud to have escaped the madness of the 1970s

when so many mountain villages were spoilt." There is certainly nothing passé about Megève.

Just an hour from Geneva, with a magnificent Mont Blanc backdrop, the slopes are extensive (186 miles of pistes served by 81 lifts in three different areas) and skier-friendly. They are also largely below the tree-line, which makes them attractive but less snowsure - one of Megève's few disadvantages. In poor winters, the resort has problems keeping its snow - hence the recent introduction of almost 70 new snow cannons, making a total of more than 150.

Megève - from the Celtic Mag (dwelling place) and Eva (water) - chose an unassuming year to launch its first real winter season: 1913. But after the first world war, it rapidly gained a glamorous reputation which attracted the glitterati and literati of the day.

It was largely down to the Baroness Maurice de Rothschild, who had set out to try to recreate another St Moritz in her own country. She fell in love with the tiny village of Megève after a recommendation from her Norwegian ski instructor. Eventually she built the celebrated Palace

Hotel Mont d'Arbois there.

French railways obligingly opened a special line connecting the town with Paris. Almost overnight, Megève became an international resort. The Rochereux cablecar, built in 1933, was the first in France to be opened for skiers.

There are stories galore of famous visitors, including the

**Unrolling sleeping bags on the thick dry hay, that night we slept soundly**

Aga Khan, Edith Piaf, Roger Vadim and Brigitte Bardot. Georges Pompidou and François Mitterrand were also enthusiastic about Megève. One of Al Capone's henchmen, Navarro, who arrived in town in a soft-topped Cadillac, was arrested after being caught with a suitcase full of stolen jewellery. He was carrying 33 passports at the time.

Megève produced its own celeb-

rities, too. Emile Allais, a triple gold winner at the Chamonix Olympics, was born there, and his family was instrumental in the invention of the resort's most celebrated product: the world's first *fuscu* designer ski pants.

Hilaire Morand, the uncle of Allais and also a ski instructor, asked Armand Allard, a local tailor, to design something more practical than the Norwegian-style plus-fours then commonly used. Allais wore them when he became world ski champion in 1937. The *fuscu* became elasticated in 1952.

Megève's other great product is mountain restaurants. There are 32. A firm favourite is the Alpette on the Rochereux section. Serge Girardot, its owner, asked if we would like to visit his deep freeze. It was something of a rhetorical question. "It is always empty," he smiled.

"On fabrique tout chez nous [we make everything on the premises]." There was a mouth-watering choice of pâtés, *villettes* (small, delicious dumplings) and *pot de foin de collette* and *pot de campagne maison*.

After a splendid dinner of pleasure mushrooms and gambois at the Auberge du Grand, a restaurant festooned with dried



flowers, we headed off to the Jazz Club Les Cinq Rues, one of Megève's favourite night haunts, which once echoed to the sound of Sidney Bechet's saxophone. One of our party ordered a Weizenbiere, a vast tankard containing Bavarian wheat beer flavoured with mandarin liqueur. At

FF75 (£7.40), we thought we should share it. There was sufficient for an entire family of lager louts.

At Megève the jazz was good, the skiing was impressive and the food was out of this world. We came, we saw, we concurred: catch Megève at its best and you

realise why many skiers still rate it as highly as ever.

Arnie Wilson flew to Lyons with Air France and stayed at the Au Coeur de Megève Hotel. For further information, ring France Information: 0891-244123 (calls charged at 50p a minute. Brochures sent free of charge).

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What's on around the world

NEW YORK

MILWAUKEE

BERLIN

BOLOGNA

BRUSSELS

CANBERRA

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## INTERNATIONAL ARTS GUIDE

## What's on around the world

## AMSTERDAM

## DANCE

**Het Muziektheater**  
Tel: 31-20-551 8911  
Dutch National Ballet Romeo and Juliet, Rudolf van Dantzig's 1987 version, created for the ONB and set to Prokofiev's score. With sets and costumes by Toer van Schayik; Mar 28; Apr 1, 2, 3

## EXHIBITION

**Stedelijk Museum**  
Tel: 31-20-5732911  
[www.stedelijk.nl](http://www.stedelijk.nl)  
Stuart Davis (1892-1964): survey of work by the American painter often seen as a link between American modernism, abstract expressionism and Pop Art. Deeply impressed by the painters of the European avant-garde, Davis was also influenced by Afro-American jazz, and made his mark with a series of still lifes on the theme of tobacco; ends tomorrow

## Van Gogh Museum

Tel: 31-20-570 5200  
Utagawa Kunisada (1797-1861): Heroes and Ghosts. Survey of work by one of Japan's leading 19th century printmakers. Includes more than 160 prints, paintings and drawings, of landscapes as well as the heroic and supernatural prints which made his name; to Apr 5

## OPERA

**Netherlands Opera, Het Muziektheater**  
Tel: 31-20-551 8911  
Oedipus Rex and Psalmensymfonie: Stravinsky double-bill. New, co-production with the Salzburg festival, directed by Peter Sellars. The conductor is Hans Vork, and the cast includes Willard White; Mar 28, 30

## BALTIMORE

## EXHIBITIONS

**Walters Art Gallery**  
Tel: 1-410-547 9000  
● Masters of Light: Dutch Painting from Utrecht in the Golden Age. Brings together 74 works produced by painters working in the city of Utrecht in the first half of the 17th century; to Apr 5, then transferring to London  
● Monet: Paintings of Giverny from the Musée Marmottan, 22 paintings produced during the last 23 years of the artist's life, when his energies were focused on painting the gardens of his estate. Photo murals and works from the museum's collection will be shown alongside; from tomorrow until May 31

## BERGAMO

## EXHIBITION

**Accademia Carrara**  
Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums. The exhibition has been seen in Washington and will travel to Paris; from Thursday until Jun 28

## BERLIN

## DANCE

**Staatstheater unter den Linden**  
Tel: 49-30-2035 4555  
[www.staatstheater-berlin.org](http://www.staatstheater-berlin.org)  
Tanztheater: ballet triple bill, to music by Henze, La Disparition du Signor Pichonella, with choreography and sets by Oscar Heilmann; La Fils de l'Air ou l'Enfant Chagré on Jeanne Hémeaux, in a staging by Henze with choreography by Mark Ryzicki; and Labyrinth, by Mark Baldwin; Apr 2

## BOLOGNA

## OPERA

**Teatro Comunale**  
Tel: 39-51-529 999  
[www.teatrocomunale.it](http://www.teatrocomunale.it)  
● Don Carlo: by Verdi. Co-production with the Grand Théâtre de Genève, conducted by Elihu Inbal in a staging by André Serant; Mar 29; Apr 1, 3  
● Il Campiello: by Wolf-Ferrari. New production conducted by Bruno Bartoletti in a staging by Nanni Gassella, with designs by Antonio Fiorentino; Mar 28, 31

## BRUSSELS

## CONCERTS

**Palais des Beaux-Arts**  
Tel: 32-2-507 8200  
Rotterdam Philharmonic Orchestra: conducted by Valery Gergiev in works by Debussy, Mussorgsky and Prokofiev. With baritone Dmitri Hvorostovsky; Mar 31

## EXHIBITION

**Musées Royaux des Beaux-Arts de Belgique**  
Tel: 32-2-508 3333  
Magritte: comprehensive retrospective of the Belgian surrealist, celebrating the centenary of his birth; to Jun 28

## CANBERRA

## EXHIBITION

**National Gallery of Australia**  
Tel: 61-2-6240 5502  
[www.nga.gov.au](http://www.nga.gov.au)  
New Works From Old: 19th Century Australian and American Landscapes. 100 paintings by artists including Augustus Earle, Conrad Martens, Thomas Cole and Winslow Homer; to May 17

## CHICAGO

## CONCERTS

**Orchestra Hall**  
Tel: 1-312-294-3000  
[www.chicagosymphony.org](http://www.chicagosymphony.org)  
Chicago Symphony Orchestra: conducted by Daniele Gatti in works by Brahms. With violin soloist Samuel Meged; Mar 28

## CLEVELAND

## EXHIBITION

**Cleveland Museum of Art**  
Tel: 1-216-421 7340  
[www.clevelandmuseumofart.com](http://www.clevelandmuseumofart.com)  
Vatican Treasures: Early Christian, Renaissance and Baroque Art from the Papal Collections. Selection of 99 masterpieces including manuscripts,



'Discovery', 1927, by René Magritte, one of the works included in the retrospective at the Musée Royal des Beaux-Arts in Brussels

reliquaries, paintings and sculptures from the 8th through 18th centuries. Highlights include the gem-encrusted Cross of Justin II; to Apr 12

## DUBLIN

## EXHIBITION

**Irish Museum of Modern Art**  
Tel: 353-1-612 9900  
Brian O'Riordan: Fat Face With Fork. First exhibition in Ireland of work by the Dublin-born, New York-based illustrator. Spans his career from his first illustration to recent drawings, and includes sketches and source material; from Wednesday until Jun 1

## GENEVA

## CONCERTS

**Victoria Hall**  
Tel: 41-22-3170017  
Orchestra de la Suisse Romande: conducted by Heinz Wallberg in works by Hindemith, Schumann and Brahms; Apr 1

## HELSINKI

## EXHIBITION

**Museum of Foreign Art, Sinebrychhoff**  
[www.fga.fi](http://www.fga.fi)  
Luxury: Gold and Jewellery of Pompeii. 150 items including pendants, rings and bracelets, displayed to mark the 250th anniversary of the beginning of the excavations; to May 31

## OPERA

**English National Opera, London**  
Tel: 44-171-551 8300  
The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tilburg. Conducted by Mikko Franck; Apr 1

## KORIYAMA

## EXHIBITION

**Koriyama City Museum of Art**  
Tel: 81-249-56 2200  
Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition marks the centenary of Beardsley's tragically early death, aged 25, and arrives at the V&A in October, after touring in Japan; to May 5

## LAUSANNE

## CONCERTS

**Théâtre de Beaulieu**  
Tel: 41-21-643 2211  
Orchestra de la Suisse Romande: conducted by Heinz Wallberg in works by Hindemith, Schumann and Brahms; Apr 2

## LISBON

## CONCERTS

**Queen Elizabeth Hall**  
Tel: 44-171-960 4422  
● The Tchaikovsky Experience: Roger Norrington conducts the Orchestra of the

Age of Enlightenment in a weekend of concerts, using period instruments, intended to sound as historically accurate as possible. Today's programme includes extracts from Sleeping Beauty and Piano Concerto No. 1, with pianist Cyril Huvé. Sunday's programme includes Tchaikovsky's Letter from Eugene Onegin with soprano Joan Rodgers, and the Pathephone Symphony. The weekend's activities include afternoon recitals by Huvé and Rodgers, as well as talks and open rehearsals  
● Opera North: concert performance of Sondheim's Sweeney Todd. With the English Northern Philharmonie, conducted by James Holmes; Mar 30  
● English Chamber Orchestra: conducted by Raymond Leppard in works by Debussy, Shostakovich, Satie and Bizet. With piano soloist Alexander Melnikov and trumpet soloist Serge Nakariakov; Apr 1

**Royal Festival Hall**  
Tel: 44-171-960 4242  
● Philharmonia Orchestra: conducted by John Eliot Gardiner in works by Elgar, Chopin and Dvorák. With piano soloist Maria João Pires; Mar 30  
● Bamberg Symphony Orchestra: conducted by Ingo Metzmacher in works by Bartók and Mahler. With violin soloist Viktoria Mullova; Apr 1  
● Philharmonia Orchestra: conducted by Leonard Slatkin in works by Rimsky-Korsakov, Prokofiev and Rachmaninov. With piano soloist Nikolai Lugansky; Apr 2  
● London Philharmonic Orchestra: conducted by Ingo Metzmacher in works by Debussy, Turgenev and Stravinsky. With saxophonist Martin Robertson; Apr 3

**EXHIBITIONS**  
**Barbican Art Gallery**  
Tel: 44-171-538 8891  
● Shaker: The Art of Craftsmanship. Furniture and decorative arts from the Shaker community of Mount Lebanon; to Apr 26  
● The Art of the Harley: 30 customised motorcycles provide the centrepiece of this display devoted to the 95 year history of the Harley-Davidson company; to Apr 26

**Hayward Gallery**  
Tel: 44-171-281 0127  
[www.hayward-gallery.org.uk](http://www.hayward-gallery.org.uk)  
● Francis Bacon (1909-1992): The Human Body. Brings together important works dating from 1945 to the mid 1980s, loaned by major collections throughout the world; to Apr 5  
● Henri Cartier-Bresson: Europeans. Exploring changes from the 1930s to the 1970s, through the eyes of the photographer; to Apr 5

**National Gallery**  
Tel: 44-171-599 3321  
● Anthony Caro at the National Gallery: Working after the Masters. Display of recent sculptures which take their inspiration from painters including Mantegna and Rembrandt; to May 4  
● Henry Moore and the National Gallery: this celebration of the centenary of Moore's birth consists in a selection of his favourites among the Gallery's holdings; from Friday until May 31

**Royal Academy of Arts**  
Tel: 44-171-599 3000  
● Art Treasures of England: The Regional Collections. Display of some 500 paintings, drawings and sculptures which will tell the history of the public collections outside

London, from the foundation of the first university museums in the 17th century to the present; to Apr 18  
● Holy Russia: icons and the Rise of Moscow 1400-1800. 60 newly exhibited icons lent by Russian museums are the centrepiece of this exhibition, arriving in London from Frankfurt, which also includes 16 manuscripts; to Jun 14

**Tate Gallery**  
Tel: 44-171-987 8000  
Bonnard (1867-1947): major retrospective of the French painter, focusing on works produced between the 1890s and the 1940s. More than 100 works will appear, including landscapes, still lifes, a series of nudes depicting Marthe, Bonnard's lifelong companion, and several self-portraits; to May 17, then travelling to New York

**The Photographers' Gallery**  
Tel: 44-171-581 1772  
The Citibank Private Bank Photography Prize: display of work by shortlisted artists Andreas Gursky, Hiroshi Sugimoto, Thomas Demand, Paul Graham and Katie Lieberman; ends tomorrow

**Victoria & Albert Museum**  
Tel: 44-171-938 8500  
The Power of the Poster: ranging from Toulouse-Lautrec to Satoh & Satoh and the Wonderlens advert, a selection of posters, many of them instantly familiar, reflecting 120 years of design; from Thursday until Jun 26

**OPERA**  
**English National Opera, London**  
Tel: 44-171-532 8300  
● La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Ackwood and Frances Moore, and conducted by Alex. Ingram; Apr 2  
● The Tales of Hoffman: by Offenbach. New production by Graham Vick, designed by Tobias Honekeel and conducted by Paul Daniel/William Lacey. Cast includes John Tomlinson; Mar 28; Apr 3

**Shaftesbury Theatre**  
Tel: 44-171-579 5399  
The Royal Opera: Così fan tutte, by Mozart. Revival of Jonathan Miller's production, conducted by Colin Davis; Mar 28

**LUCERNE**  
**CONCERTS**  
**Easter Festival**  
Tel: 41-41-225 4480  
[www.lucernefestival.ch/](http://www.lucernefestival.ch/)  
● Concentus Musicus Wien: conducted by Nikolaus Harnoncourt, with the Arnold Schoenberg Choir, in works by Haydn; Jesuitkirche; Apr 1  
● Orchestra of the Age of Enlightenment: conducted by Frans Brüggen in works by Bach. With soprano Lynne Dawson; Jesuitkirche; Apr 2  
● Munich Chamber Orchestra: conducted by Karl-Friedrich Beringer, with the Windsbacher Knabenchor, in Bach's Mass in B minor; Jesuitkirche; Apr 3

**LYON**  
**EXHIBITION**  
**Musée des Beaux-Arts**  
Tel: 33-4-7210 1740  
Matisse: 20 paintings and 40 drawings and sculptures from the collection of the Musée National d'Art Moderne, from the period 1900-1953; from Thursday until

Jun 28

## MADRID

## EXHIBITIONS

**Fundació "la Caixa"**  
Tel: 34-1-435 4833  
● 1898, Fin de Siglo Spain: Daily Life. Historical exhibition designed to reconstruct a picture of life in Spain at the end of the 19th century. Includes paintings, books and newspapers; ends tomorrow  
● From Whistler to Sickert, joint retrospective of the two painters which aims to introduce their work to the Spanish public by contrasting their differences. The exhibition will demonstrate the influence of Whistler on Sickert as well as that of Whistler on Sickert; to May 17

## MILAN

## OPERA

**Teatro alla Scala**  
Tel: 39-2-58791  
[www.lascala.milano.it](http://www.lascala.milano.it)  
Ulysses of Chomouby: by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 1, 3

## MUNICH

## CONCERTS

**Philharmonie Gasteig**  
Tel: 49-89-5481 8181  
Bavarian Radio Symphony Orchestra: conducted by Lorin Maazel in works by Ravel, Barber and Stravinsky; Apr 2, 3

## NARA

## EXHIBITION

**Nara National Museum**  
Highlights of Asian Painting from Cleveland's Museum of Art: selection of 100 works ranging from the 11th-15th centuries and focusing on the figure. Exhibition, from the CMAA's holdings of Chinese, Japanese, Indian and Korean art; ends tomorrow

## NEW YORK

## EXHIBITIONS

**Guggenheim Museum**  
Tel: 1-212-423 3500  
[www.guggenheim.org](http://www.guggenheim.org)  
● After Mountains and Sea: around 14 works by created by Helen Frankenthaler during the years 1958-1959; to May 3  
● China - 5,000 Years: more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Uptown highlights include Neolithic jade and Shang and Zhou bronzes. The aim of the display at the SoHo museum is to explore the meaning of modernity in China. Both parts will transfer to Bilbao in July

**Metropolitan Museum of Art**  
Tel: 1-212-879 6500  
[www.metmuseum.org](http://www.metmuseum.org)  
● Augustin Pajou, Royal Sculptor: retrospective devoted to works by the French sculptor (1730-1809); to May 24  
● Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the court painter and draftsman, who won acclaim during the years spanning the French Revolution, the Empire and the Restoration for his allegories and portraits; to Jun 7  
● When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance; to May 17

**Museum of Modern Art**  
Tel: 1-212-708 9480  
[www.moma.org](http://www.moma.org)  
● Alvar Aalto: Between Humanism and Materialism. Centenary tribute to the Finnish architect, designer and town planner; to May 18  
● Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career; to May 26  
● Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist; to May 27

**OPERA**  
**Metropolitan Opera, Lincoln Center**  
Tel: 1-212-362 6000  
[www.metopera.org](http://www.metopera.org)  
Lohengrin: by Wagner. New production by Robert Wilson, with costumes by Frida Parmegiani; Apr 2  
**New York City Opera, New York State Theater**  
Tel: 1-212-870 5570  
[www.nycoopera.com](http://www.nycoopera.com)  
● Emmeline: premiered in Santa Fe in 1956, Tobias Picker's opera is presented here for the first time in Francisco Zambello's production, with sets by Robert Ingrim. Based on Judith Rossner's novel, J.D. McClaughy's libretto is a version of the Oedipus myth set in New England. The cast includes Patricia Rocco and the conductor is George Manahan; Mar 31  
● La Bohème: by Puccini. Conducted by George Manahan and staged by Grazia Sciutti; Mar 28, 29

**EXHIBITION**  
**National Gallery of Canada**  
Tel: 1-613-990 1865  
<http://national.gallery.ca>  
Picasso: 100 works on loan from the Museum of Modern Art in New York. Spanning his career, the broadly chronological display includes paintings, drawings, prints and sculptures produced over seven decades, some of them among his most famous works; from Friday until Jul 12

## OTTAWA

## EXHIBITION

**National Gallery of Canada**  
Tel: 1-613-990 1865  
<http://national.gallery.ca>  
Picasso: 100 works on loan from the Museum of Modern Art in New York. Spanning his career, the broadly chronological display includes paintings, drawings, prints and sculptures produced over seven decades, some of them among his most famous works; from Friday until Jul 12

## PARIS

## CONCERT

**Salle Pleyel**  
Tel: 33-1-4561 6589  
Orchestra de Paris: conducted by Yuri Achronovitch in works by Weber, Bruch and Dvorák. With violin soloist Roland Dargatzis; Apr 1, 2

## EXHIBITIONS

**Musée Carnavalet**  
Tel: 33-1-4272 2112  
Chauvet: showcase of objects made by the Parisian jeweller from the age of Napoleon to the present. Where possible, portraits of the owners wearing them are shown alongside the jewels themselves. Highlights

include the extravagant parures - matching sets of tiaras, necklaces, earrings and bracelets - created for 19th century European aristocrats; to Jun 28

**Musée d'Orsay**  
Tel: 33-1-4049 4814  
[www.musee-orsay.fr](http://www.musee-orsay.fr)

● 1848: exhibition examining the relationship of artists to the revolutionary movement of 1848, and the influence of the Republic upon artistic life between 1848 and 1952; to May 31  
● Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

## ROME

## EXHIBITIONS

**Palazzo Ruspoli**  
Tel: 39-6-6830 7344  
[www.palazzoruspoli.it](http://www.palazzoruspoli.it)  
Mummy Portraits: nearly 200 portraits, previously seen at the British Museum in London; extended to Apr 30

## VILLA MEDICI

Francesco Salviati: 1510-1563. First major retrospective devoted to Salviati, one of the lesser known Florentine Mannerists. Includes around 135 works. For the duration of the exhibition, there will be guided visits to see his frescoes, the most spectacular of which is in the French Ambassador's study; ends tomorrow

## SAN FRANCISCO

## CONCERTS

**Davies Symphony Hall**  
Tel: 1-415-864 6000  
[www.sfsymphony.org](http://www.sfsymphony.org)  
● James Galway and the Tokyo String Quartet: programme of works by Mozart, Smetana, Beethoven and Rachmaninov; Mar 28  
● San Francisco Symphony Orchestra: Herbert Blomstedt conducts Bruckner's Symphony No. 5; Mar 28  
● San Francisco Symphony Orchestra: conducted by Stanislaw Skrowaczewski in Elgar's Violin Concerto, with soloist Pinchas Zukerman. Programme also includes works by Wagner and Shostakovich; Apr 1, 2, 3

## EXHIBITIONS

**San Francisco Museum of Modern Art**  
Tel: 1-415-441 4777  
[www.sfmoma.org](http://www.sfmoma.org)  
● A. G. Rizzoli: Architect of Magnificent Visions. More than 80 drawings by the draftsman who spent his evenings and weekends making plans for a perfect world. This is the first museum survey of these meticulous drawings, which were discovered after his death, in 1990; to Jun 23  
● Paul Klee: Travels Near and Far. Selection of works designed to demonstrate the ways in which the artist was inspired by his surroundings. Ranges from an early pen-and-ink study of the countryside in Switzerland, to later, more fanciful landscapes and works produced during trips to Tunisia and Egypt; to Jun 28

## TOKYO

## CONCERT

**Bunkamura**  
Tel: 81-3-3477 9899  
New Japan Philharmonic: conducted by Mstislav Rostropovich in works by Shostakovich, with violin soloist Maxim Vengerov; Orchard Hall; Apr 3

## EXHIBITION

**Metropolitan Art Museum**  
Tel: 81-3-3823 8921  
Masterpieces of British Art from the Tate Gallery: 100 works on loan from London, ranging from the 16th century to the contemporary and including works by Millais and Turner; ends tomorrow

## VENICE

## EXHIBITION

**Palazzo Grassi**  
Tel: 39-41-523 1680  
[www.palazzo-grassi.it](http://www.palazzo-grassi.it)  
Picasso: 1917-1924. Beginning with works inspired by his designs for the theatre and ballet, and the characters of the Commedia dell'Arte, this major display also picks up the return to classicalism which coincided with Picasso's first visit to Italy in 1917. During this period Picasso became a father, and more intimate images include portraits dedicated to his wife and son; to Jun 28

## VIENNA

## EXHIBITION

**Kunsthof der Bank Austria**  
Tel: 43-1-533 2285  
From Monet to Picasso: display of 120 works, starting with French Impressionism and Pointillism, and ranging through the Russian and German movements. Modernism to 1945. Includes examples of cubism, constructivism, Expressionism and Surrealism; to Jun 28

## WASHINGTON

## CONCERTS

**Kennedy Center**  
Tel: 1-202-467 4600  
● National Symphony Orchestra: conducted by Eri Kles in works by Mozart, Stravinsky and Saint-Saëns, with piano soloist André Watts; Concert Hall; Mar 28  
● National Symphony Orchestra: conducted by John Nelson in Fanfare for Israel, by Israeli composer Ben-Haim, in a concert which is part of the Israel at 50 festival. The programme is completed by Mendelssohn's Piano Concerto No. 1 and the American premiere of Schoenberg's De'varah; Concert Hall; Apr 2, 3

## EXHIBITION

**National Gallery of Art**  
Tel: 1-202-737 4215  
[www.nga.gov](http://www.nga.gov)  
Alexander Calder (1898-1976): major retrospective celebrating the centenary of Calder's birth. Includes around 250 works, among them some of the best examples of his formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery; from tomorrow until Jul 12, then travelling to San Francisco

Arts Guide by Susanna Rustin  
e-mail: [susanna.rustin@bt.com](mailto:susanna.rustin@bt.com)  
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# Weekend Investor

Wall Street

## Few valleys in sight among the peaks

John Authers recalls that past valuation highs have preceded big downturns

Equities in the US remain in record territory. While the Dow Jones Industrial Average seemed to hesitate a little this week before launching a final assault on the 9,000 landmark, the Nasdaq Composite set more records. These were helped largely by bullish forecasts from Microsoft, the world's largest software company.

Rather worryingly, stock valuations are now settled into record territory too. The price/earnings multiple for the Standard & Poor's 500 is at its highest level since the second world war. The 500 large companies that make up the index are, on average, now trading for a price of more than 27 times their earnings for the previous year. This suggests an over-inflated market.

Previous peaks in the p/e multiple have come at inauspicious moments, such as the months leading up to the Black Monday crash of 1929 or immediately ahead of the savage bear market of the early 1970s.

There are some justifications for the high valuations. Bond yields are very low, making it acceptable to pay more for the earnings and potential growth available in the stock market. Inflation is also low.

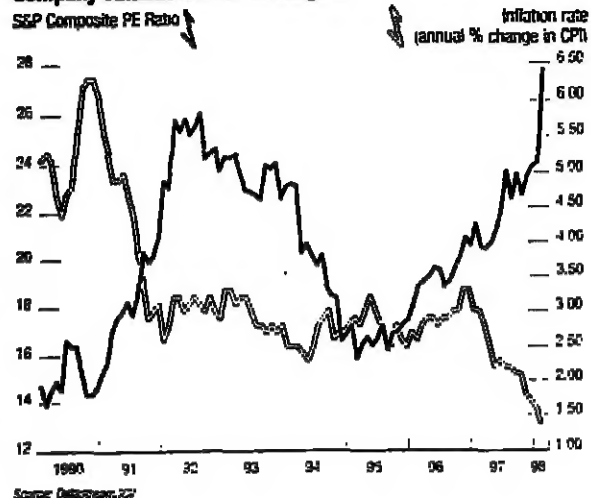
If earnings are not going to be eroded by inflation, it is again acceptable for valuations to increase, and the chart confirms a strong correlation between the two measures. But valuation statistics still show that present equity prices constitute a huge bet that the Goldilocks economy of non-inflationary growth will continue.

Technical factors provide the other strong underpinning for valuations - notably, the strength of liquidity as the US benefits from the cascade of retirement dollars from members of the post-war baby boom generation.

Here, it is possible to argue that stocks have reached a virtuous circle. Dwelling on valuation statistics can distract attention from an important factor: the market rally of the first quarter of the year has made a lot of people much richer.

Lipper Analytical, one of the main services for analysing mutual fund performance, published preliminary figures earlier this

Company valuations hit new heights



week under the headline "Even Better".

The average equity fund has gained 10.04 per cent so far this year. General equity funds had gained 10.73 per cent for the year by the start of this week, putting them on course for an annualised return of more than 80 per cent.

The bull market has been long sustained, but the past 12 months have seen general equity funds show their highest returns for a one-year period in almost 15 years, with an average gain of 40.48 per cent. This figure needs a partial health warning, though, as its starting date came at the end of last March when the market underwent a correction of almost 10 per cent.

Perhaps a more interesting finding for many US investors in the Lipper figures concerns the shifting balance in managers' style wars. The two camps are "growth" (looking for consistently growing profits) and "value" (hunting for undervalued stocks).

The two styles are now understood widely by small investors, with many of the larger mutual fund companies being careful to offer both.

Lipper maps the two by following the most extreme adherents. Its value fund index follows the median performance of the 30 equity funds with the lowest combined price to earnings ratio and price to book ratio over the previous 12 months. The growth fund index follows the 30 funds where portfolios had the highest combined

sales and earnings per share growth rates.

The result is surprising. Value managers and stock-pickers have complained for some time that this rally has been dominated by large stocks, making it hard for them to perform. But the 30 most committed value funds grew 30.96 per cent last year, compared with a return of only 8.87 per cent for growth funds. This can be explained partly by the problems experienced last year by some of the largest technology stocks, which would have qualified emphatically for most growth managers' portfolios in 1997.

This year, as multiples set new records - suggesting there is less value around than usual - value funds are lagging, although not perhaps by as much as might be expected. The growth fund index is up 10.23 per cent for the year, against 8.36 per cent for value funds.

But these figures give investors the kind of good experience that bolsters the industry's morale. If investors have benefited like this from having funds invested in the stock market, they are far more likely to heed industry pleas to stay invested in the event of a downturn. That might, in turn, justify paying a multiple of 27 for profits made by the S&P 500 companies.

### Dow Jones Ind Average

Monday	8,815.25	-80.18
Tuesday	8,904.44	+88.19
Wednesday	8,872.80	-31.64
Thursday	8,846.89	-25.91
Friday		

London

## Don't bank on dividends

Their growth could be limited, says Philip Coggan

Dividends. It all comes down to dividends. That is not an old slogan for the UK stock market after the yield on the All-Share index fell to its lowest since the first world war.

Whether or not the yield level worried investors, the FTSE 100 index failed to keep hold of the 6,000 level this week.

The debate revolves around why people invest in shares. First, they buy for the dividend (or other) income a company might pay.

Second, for the capital gain they might receive - although, obviously, this depends on finding someone else to buy the shares. Unless the market is a kind of giant chain letter of which more later, the ultimate buyer will presumably want to receive dividends.

Business school theory backs this up. The value of a

share is the future value of all dividend (or other) income from it, discounted to its present value. The discounting occurs because, at 7 per cent interest rates, a £1 dividend in a year's time is worth only 93.45p today (because, if you invested that sum now, it would grow to £1 over a year).

History also bears out the importance of dividends. According to an equity-gift study by Barclays Capital, two-thirds of all the returns from shares over the past 50 years has come from reinvesting dividends.

So, does the fall in the dividend yield to 2.77 per cent earlier this week (which was really 2.35 per cent, given the abolition of the tax credit for institutions) mean that shares are over-valued? After all, previous lows for the yield led to bear markets in 1972 and 1997.

The bulls attack this argument from two directions. The conventional rebuttal

simply uses the business school theory of discounting future income. On this model, the lower the discount rate, the higher the present value of the shares.

To take an example: if interest rates are 20 per cent, the value of £1 in a year's time is just 83.3p; if rates are 10 per cent, the present value rises to 90.9p.

Sure enough, thanks to lower inflation, the level of both short-term and long-term interest rates has fallen in the 1990s, justifying a higher level for share prices.

Moreover, you can justify a low dividend yield if you believe that future dividend growth will be high.

And, arguably, the long-term prospects for the UK corporate sector could be portrayed as rosy.

The economy is much more stable than it was in the 1970s and 1980s; there are far fewer labour problems; technology is bringing



Customers of Co-op shops appreciated the value of dividends

productivity gains; management is focused on enhancing shareholder returns, and so on.

At the global level, the end of the cold war brought declines in unproductive defence spending and opened up more of the world's economy to free trade. All this helps to explain why western stock markets, in general, are at all-time highs.

The second attack on the dividend argument simply states that dividends do not matter - that yield is an old-fashioned valuation method. There are all sorts of more up-to-date methods of valuing shares: economic value added (EVA); return on capital employed, etc.

Then, too, the change in the tax regime means that dividends are no longer important to investors. Companies are returning cash to shareholders via share buy-backs and special dividends (which do not count in the yield calculation).

Indeed, to go back to the chain letter issue, there is a buyer which is not interested in dividends and, thus, breaks the chain - the corporate sector itself. If it feels share prices do not reflect the value of the business, it can retire equity via take-overs or buy-backs.

Dividend proponents attack these points. New-fangled valuation measures such as EVA certainly reflect the profitability of companies and are an improvement on easily-fiddled ratios such as earnings per share.

The ratios do show that returns on capital have risen

and, indeed, are substantially higher than the cost of capital. UK business is a lot more profitable than it was.

However, a profitable business is not much good to a shareholder unless he gets some money out of it (back to dividends again). So, all these ratios tell us that, if these returns can be sustained, the potential for future dividend growth is high.

But if returns on capital are high, what should happen in theory is that business will rush to invest capital to take advantage of those high returns.

In the long run, this will drive down returns to more normal levels.

The neat part of this argument is that it works both ways.

The process might be happening already. Mark Brown, of ABN Amro, points out that business investment grew at 9 per cent in the fourth quarter of 1997, and that profits growth in the non-oil industrial and commercial companies slowed to 5.5 per cent in 1997 from 12 per cent in 1996.

But one could also point to the apparently contradictory tendency for companies to return cash to shareholders in the form of buy-backs.

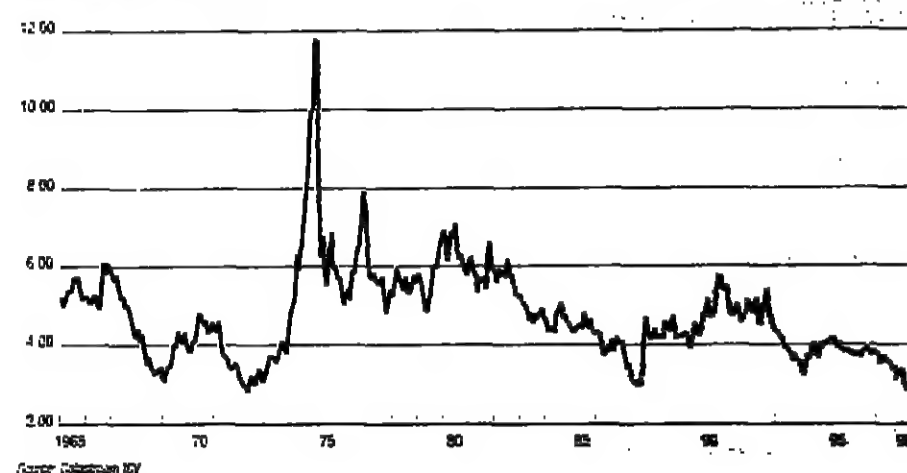
Why are they doing that if business is so profitable?

The answer must be that they are not confident that present returns are sustainable. In short, whether business is investing heavily or not, the prospects for future dividend growth may not be that wonderful.

philip.coggan@FT.com

### Lower than 1997

FTSE All-Share Dividend yield (%)



### Highlights of the week

	Price	Change	52 week	52 week
	Ytd	on week	High	Low
FTSE 100 Index	5938.3	-17.0	5997.9	4214.5
Barclay Dev	320	+18	325	221
British Amc	1352 1/2	+80	1364	777 1/2
British Aerospace	2000	+63	2080	1201 1/2
Brunner Mond	185	+41 1/2	182 1/2	125 1/2
Cadell	645	+54 1/2	645	234
Delta	316	+23 1/2	388 1/2	213 1/2
Glynwed Int	288 1/2	-39 1/2	335	193 1/2
JJB Sports	670	-30 1/2	823 1/2	375
London Clubs Int	205 1/2	-18 1/2	417	198 1/2
Mays	3020	+277 1/2	3200	1112
Nest	535	-170	880	515
Northern Leisure	596 1/2	+81 1/2	596 1/2	225 1/2
Soco Int	279 1/2	-42	404 1/2	234 1/2
Williams	482	+12 1/2	487 1/2	300

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Barry Riley

## Value - or just madness?

Normal market fundamentals have gone astray



A lot of pundits, myself included, are feeling embarrassed as the year's first quarter draws to a close. Once again, the booming stock markets have made caution look foolish, and my new year suggestion that Wall Street would struggle to beat its 1997 highs has quickly been proved wrong.

I was right, however, to suggest that the US might lose the global market leadership to Europe. London's FTSE 100 index has gained 16 per cent compared with 12 per cent by the Dow Jones Industrial Average.

The failure of dollar bond yields to fall this year has been an important factor here, whereas gilt yields in the UK have dropped about 0.4 percentage points, almost as much as have bond yields in continental Europe.

I was accurate in predicting that Europe's "bubble" economies, the formerly inflationary EU member states where short term interest rates are tumbling to standard euro levels, would show the best returns. In three months, the equity market indices have soared by 39 per cent in Spain and 38 per cent in Italy.

We have to puzzle out, though, whether there is real value in today's markets or whether the madness of crowds finally has taken over. Analysts are scratching their heads over London on a record low gross dividend yield of 2.7 per cent, or Wall Street on a record high price/earnings ratio of 27.

There is so much momentum in many countries that it would be foolish to call the turn just now. But not many people will be able to get out of, say, Ireland (where the stock market index has risen 60 per cent in 12 months) at the right moment.

That stock markets can make huge mistakes is easy enough to show. There was the spectacular case of the Japanese market in the 1990s.

The puzzle is that the booming demand for equities has generated so little new supply. In 1998, Tokyo enjoyed a weighting of 45 per cent in the World Index, which made it bigger than the US and five times as big as the UK. Last week, however, Tokyo's World Index weighting slipped to 10.8 per cent, making it slightly smaller than the UK.

In the 1990s, Japan's huge savings flowed strongly into the stock market. But, in the 1990s, it has become agonisingly apparent that the corporate sector there has failed to deliver value to shareholders. So, the diverted savings have instead generated a successor bubble in bonds, with a fall in yields to 1.5 per cent.

That, too, promises ultimately to end in tears, with the Japanese government yesterday unveiling its latest plans to spend its way out of economic trouble.

My caution in January was based on the declining prospects

for corporate earnings growth in the US and the UK. Indeed, Asia's slump is causing problems and the results pages are littered with profit warnings.

But these markets are not being driven by normal fundamentals. They are being sustained by excess savings flows (and the prospect of more as stakeholder-type pension plans spread across Europe); and by the impact of financial

restructure a business in order to maximise the value of the equity? That is the question asked by today's company bosses loaded up with stock option plans.

The new answer is that you sell or close low-profit operations, raise the return on equity and gear up the balance sheet through a combination of share buybacks and debt raising.

Value consultants such as Stern Stewart will work out the optimisation sums for you. The American stock market experience of recent years suggests this change of emphasis has the potential to push up share prices two- or three-fold in favourable circumstances; and the gamble is that the impact could be even greater in continental Europe if the old shareholder-unfriendly corporate governance habits can indeed be abandoned there.

But mature companies going down this road will soon run out of growth. Marginal projects will reduce their return on equity and will destroy value.

Cost-cutting mergers may seem to offer a solution but, as Glaxo-SmithKline and Halifax-Midland have shown, they can be hard to implement. Meanwhile, high-return core activities will be increasingly under attack from leaner and hungrier predators.

Probably, the bull market will end when companies are forced to adopt defensive, rather than offensive, strategies. And increasing executive share sales may give the best clue about the timing.

Offshore managed funds and UK managed funds are listed in Section One







